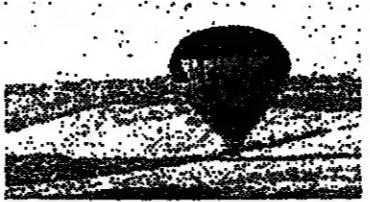


Relic of empire
fighting for its past

Caught between a rock and a hard place — Joe Bossano (left), Gibraltar's chief minister, marshals the rearguard

Page 1

High adventure
Holidays that fit the well-heeled
off the beach

Page VII

He cried, we laughed
Paul Gascoigne (left); entertainer
and footballer

Page XXII

Time to buy?
Philip Coggan explains how to tell
when the stock market becomes
undervalued

Page III

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,258
THE FINANCIAL TIMES LIMITED 1990

Weekend September 22/September 23 1990

D 8523A

WORLD NEWS

Gorbachev
seeks to
widen powers

President Mikhail Gorbachev called for sweeping extra powers that would allow him to push through the changes needed to achieve a market economy by decree.

The Soviet leader was plainly angry and frustrated when the nation's parliament — the Supreme Soviet — failed to produce a quorum to decide the crucial issue of which economic route the country should take to a market system. The vote will now be taken on Monday.

Page 2

Nicu Ceausescu jailed
Nicu Ceausescu, 38, playboy son of Romania's executed communist dictator Nicolae Ceausescu, was jailed for 20 years for authorising the killing of 51 civilians during last December's uprising.

Saunders to appeal
Former Guinness chairman Ernest Saunders is appealing against conviction and his five-year jail sentence for his part in share support operations during the Distillers takeover affair. Stockbroker Anthony Barnes, jailed for 2½ years, is also appealing. Page 5

Cambodia deal offered
Exiled Cambodian guerrilla leader Prince Norodom Sihanouk offered Phnom Penh a new power-sharing deal to try to break the deadlock reached in peace talks earlier this week. Page 3

South Africa agrees to talk
Chief Minister Anton Buthelezi, leader of South Africa's Zulu-based Inkatha party, agreed to meet the African National Congress and other homeland leaders for talks aimed at ending recent violence. Page 3

Indian jobs protests
The Indian army moved into the northern city of Chandigarh to quell violent student protests against a government plan to reserve a proportion of state jobs for low-caste Hindus. Page 4

Move on adoption
Rules on adoption are being reviewed by the Government. Suggestions in a Department of Health consultation paper include allowing natural parents to maintain contact with their adopted children.

Glimpses of attacker
Sir Peter Terry, the former Governor of Gibraltar who survived an IRA assassination attempt on Tuesday, may have glimpsed his attacker, police said. Sir Peter is recovering in hospital from serious facial injuries.

Grain exports halted
Drought-stricken Hungary has cancelled exports of 1.3m tonnes of grain to other east European countries including the Soviet Union and Czechoslovakia. This year's harvest is expected to yield only 4.5m tonnes compared with a forecast 7m.

Anger over US bases
Philippines police turned tear gas and water cannons on 1,500 demonstrators protesting against US military bases in the country. The demonstration coincided with talks between Washington and Manila on the future of the bases.

Japan's mystery circles
Farmer Shunzo Abe from western Japan reported two inexplicable but perfect circles of flattened grain in his rice paddy. Similar mysterious circles appeared in southern English wheat fields this summer.

MARKETS

STERLING

New York lunchtime: \$1.847
London: \$1.8451 (1.000)
DM 2.475 (2.265)
FF 2.475 (3.825)
SF 2.475 (2.4675)
Y225.5 (255.50)

£ index 92.8 (93.7)
New York: Comex Dec
\$394.5 (\$34.2)
London: \$389.5 (36.25)
N SEA Oil (Argus)
Brent 15-day Nov
\$34.825 (33.00)

BUSINESS SUMMARY
Chase to cut
dividend
after loss

By Peter Marsh and Rachel Johnson

CONCERTED intervention in foreign-exchange markets by the central banks of Britain, the US and West Germany failed yesterday to prevent a sharp slide in the value of sterling.

The intervention took place at the end of a turbulent week in international financial markets which had been badly hit by worries about the economic outlook, particularly in the UK.

In the London equity market shares staged a mid-afternoon recovery after a 4-point fall in the FTSE-100 index had earlier taken it below the 2,000 level. Traders said buying efforts picked up as institutions realised they could pick up shares at rock-bottom prices. The FTSE-100 index finished the day up 8.6 at 2,025.5.

In spite of this, the London

equity market closed with shares showing an overall 3.3 per cent fall for the week. In Frankfurt and Paris, shares closed 6.9 per cent and 4.4 per cent down on the week.

On Wall Street at 1.30pm the Dow Jones Industrial index was down 6.44 on the day at 2,511.88.

The intervention to support sterling came as the UK Government released statistics showing that the economy grew by just 0.3 per cent in the second quarter of 1990. This reinforced fears that Britain might slide into a recession in the last two quarters of the year.

The operation, involving the Bank of England, the Federal Reserve and the Bundesbank, was the first of its kind since October 1989 when the resignation of Mr Nigel Lawson as

UK plc.....Page 6
Editorial comment.....Page 6
Borrowers exposed.....Page 7
US eclipse.....Page 7
Money Markets.....Page 11
London Stocks.....Page 13
Wall St.....Pages 18, 19
Lex.....Page 22

Chancellor prompted a sharp fall in sterling.

Yesterday, sterling fell by more than 4 pence against the D-Mark and by more than 2 cents against the dollar. The pound closed in London at DM2.9125 and at \$1.8455, with the pound falling to the day on its trade-weighted index from 93.7 to 92.6. Over the week, it

suffered a fall in the index of 2.4.

The pressure on the pound was caused partly by worries that inflation is too high to allow Britain to join the exchange rate mechanism (ERM) of the European Monetary System soon.

Mr John Major, the Chancellor, said in Washington that Britain would join the ERM at "the earliest sensible date." He said Britain was "not seeking delay, just awaiting the right circumstances." Mr Major is in Washington for meetings of the International Monetary Fund and World Bank.

They pointed to forecasts published this week by the International Monetary Fund. These show UK consumer price inflation now at its peak above 10 per cent and then falling rapidly towards 5 per cent by the end of 1991.

after a 0.9 per cent rise in the first — translated into a stronger yearly rise of 2.3 per cent.

The Treasury said the GDP figures — notorious for having failed to register the strength of economic activity in 1988-1989 — should be treated with care.

UK Treasury officials in Washington, where Mr Major will today attend a meeting of finance ministers from the Group of Seven industrialised countries, emphasised that the Chancellor's statement was forward, rather than backward-looking.

The Prime Minister's hectic week of official visits to Czechoslovakia, Hungary and Switzerland was regularly punctuated by compliments and respectfully enthusiastic crowds.

None of her hosts had much difficulty subscribing to her view of a future EC which "preserves the diversity and nationhood of each of its members."

As all three countries are mulling EC membership, none would churlishly turn down unsolicited backing from the high priests of national sovereignty so recently won in the east and so jealously guarded in the Alps.

Officials in her party also confirmed Mrs Thatcher's success in striking up a surprisingly chummy relationship with Czechoslovakia's philosopher-king, in spite of his conspicuously social democratic sentiments.

A high point in the trip was a genuinely Bohemian drink atop stools in a downtown Prague bar built, it turned out, by President Vaclav Havel's grandfather.

There was hearty good fellowship in Hungary too, where Mr Jozsef Antall, the country's mild-mannered Prime Minister, was heavily congratulated — almost to the point of embarrassment — for his right-wing conservatism.

Even the highly anonymous Swiss Federal President, Mr Arnold Koller, won praise for his country's sturdy independence of spirit, with assurances that its neutrality would be no bar to membership of Mrs Thatcher's European family.

And yet, and yet... in spite of the motorcades and effusive official toasts, the London skies that glowered over the closing

Gloom on
horizon as
Thatcher's
star shines
in the east

By Ivo Daway in Zurich

Kuwait to sell securities to fund forces

By Victor Mallet, Middle East Correspondent

KUWAIT'S exiled government will sell short-term securities from its estimated \$70bn (\$38bn) overseas capital hoard to fund the military forces confronting Iraq and help countries affected by economic sanctions against Baghdad.

Sheikh Ali Khalifa al-Sabah, Finance Minister in the government ousted by the Iraqi invasion of Kuwait, told reporters in London yesterday that Kuwait planned to spend nearly \$1bn in the next three months.

He said the money was coming from cash deposits and liquid assets in various currencies. He added that Kuwait was not selling equities, as has been feared on London and other stock exchanges where the country has been a substantial investor.

Sheikh Ali acknowledged that the country's investment income alone — from interest and dividends — was not sufficient to cover so much spending in such a short time. Previously the exiled government had maintained that its holdings in foreign securities markets would remain untouched.

Most of Kuwait's performing international assets, including US Treasury bills, are managed by the Kuwait Investment



Col. John Cochrane, the British military attaché to Baghdad, in front of the British embassy in Baghdad after being expelled by Iraq yesterday. Page 2

Patten will put pressure on car makers to use 'clean' technology

By John Griffiths

MEASURES TO discourage high-performance, "gas-guzzling" cars will be included in next week's white paper on the environment, Mr Chris Patten, the Environment Secretary, indicated yesterday.

He also fiercely criticised the emphasis placed by many manufacturers on speed and performance to the detriment of environmental factors such as fuel economy.

Speaking at the International Motor Show near Birmingham, which opens to the public today, Mr Patten described as "alarming" the manner in which some competitors promote the cars.

"It cannot be sensible to develop and advertise cars that can travel at well over 100mph, with rocket-like acceleration, whose performance potential can be exploited only by disregard for the environment and by breaking speed limits," he said.

His criticisms come only a few days after Vauxhall said it would stop advertising the top speed of all its cars, following a

furor over the launch next month of its 180mph Lotus Carlton saloon.

Vauxhall's defence of its decision to introduce the car, which it described as an image-enhancer for the company, served also to highlight why government concern about the issue has been rising.

The company, which clearly felt it had been made an industry scapegoat, pointed out that the Lotus Carlton would be only one of 70 cars sold in the UK capable of twice the 70 mph motorway speed limit.

The white paper, to be published on Tuesday, will deal with all aspects of the environment. However, Mr Patten made clear that the role of vehicles would form an important element of it. The paper will put pressure on car makers to:

• hasten the introduction of catalytic converters and other "clean" technology as standard equipment;
• move production away from high-performance "gas-guzzlers";

FIDELITY'S PERFORMANCE EDGE

The vision
to see further.
The resources
to look closer.

To achieve investment success in today's fast-moving markets requires global perspective. Demands local expertise. Fidelity offers just that.

As part of one of the world's largest independent investment management organisations, with associate companies in every major market, we're able to view investment opportunities on a global scale.

But equally important is our on-the-spot strength to assess markets first-hand. Around the world the Fidelity organisation has over 150 investment professionals who visit or contact more than 14,000 companies each year. It's this in-depth local knowledge combined with global perspective which provides the real performance edge.

And it's the reason why, if you're looking for consistently superior investment performance backed by award-winning service, Fidelity should be your first choice.

For further information, please contact Hilary Smith, Director, on 44 71 283 9911.

Fidelity Investments

MARKETS	
STERLING	DOLLAR
New York lunchtime: \$1.847	New York lunchtime: FT-SE 100: 2,025.5 (+8.6)
London: \$1.8451 (1.000)	FT-Ordinary: 1,537.3 (+6.2)
DM 2.475 (2.265)	FT-A All-Shares: 977.69 (+0.1%)
FF 2.475 (3.825)	New York lunchtime: 2,511.88 (-6.44)
SF 2.475 (2.4675)	DJ Ind. Av.: 310.78 (-0.70)
Y225.5 (255.50)	S&P Corp: 2,025.5 (+0.50)
£ index 92.8 (93.7)	S&P 500: 317.63 (-0.10)
New York: Comex Dec	FTSE 100: 2,025.5 (+0.50)
\$394.5 (\$34.2)	FTSE 100: 2,025.5 (+0.50)
London: \$389.5 (36.25)	FTSE 100: 2,025.5 (+0.50)
N SEA Oil (Argus)	FTSE 100: 2,025.5 (+0.50)
Brent 15-day Nov	FTSE 100: 2,025.5 (+0.50)
\$34.825 (33.00)	FTSE 100: 2,025.5 (+0.50)
Gold	FTSE 100: 2,025.5 (+0.50)
New York: Comex Dec	FTSE 100: 2,025.5 (+0.50)
\$394.5 (\$34.2)	FTSE 100: 2,025.5 (+0.50)
London: \$389.5 (36.25)	FTSE 100: 2,025.5 (+0.50)
N SEA Oil (Argus)	FTSE 100: 2,025.5 (+0.50)
Brent 15-day Nov	FTSE 100: 2,025.5 (+0.50)
\$34.825 (33.00)	FTSE 100: 2,025.5 (+0.50)
Chief price changes yesterday: Page 22	FTSE 100: 2,025.5 (+0.50)

UK Stock Market Report 0835 030007; FOREX 0835 030007; Italian 0835 030007; Cells charged at 25p/minutes or 50p/minutes at all other times. To obtain a free calling line or Unit Trust directory, ring (071) 923-2121.

Austria Sch34; Bahrain D0700; Bermuda \$1.50; Belgium BF35; Canada C\$1.00; Cyprus C\$1.00; Denmark DK12.00; Egypt EGP1.00; Finland FM1.00; France FF7.50; Germany DM1.00; Greece Dr100; Hong Kong HK1.00; Ireland ICD 1.00; Italy L1.00; Japan Yen100; Luxembourg L1.00; Malta G1.00; Mexico M1.00; Norway Nkr12.00; Pakistan Rs25; Philippines Piso 40; Poland Zl 1.00; Portugal Esc1.00; Saudi Arabia Rial 1.00; Singapore S\$1.10; Sri Lanka Rupee 100; Sweden SEK12.00; Switzerland SF12.50; Taiwan NT100; Thailand Baht 1.00; Tunisia Dinar 0.00; Turkey L3000; UAE Dirh 1.00; USA \$1.00.

CRISIS IN THE GULF

Pentagon feels the firepower of the last cold warrior

US Defence Secretary Richard Cheney has moved centre stage since the invasion, writes Lionel Barber

SHORTLY before he took over as US Defence Secretary, Mr Richard Cheney received some advice from the man who was President George Bush's first choice for the job, "Dick," said Mr John Tower, whose taste for wine and women ultimately proved his undoing, "you've got to regain control over the military."

Any doubts about who is in charge at the Pentagon evaporated last Monday when Mr Cheney sacked General Michael Dugan, the top-ranking officer in the US Air Force. His crime was to reveal, in breathtaking detail, US contingency plans in the Gulf, including bombing President Saddam Hussein, his family, his mistress, and downtown Baghdad.

The sacking was the most dramatic assertion of civilian control over the military since President Harry Truman sacked General Douglas MacArthur for insubordination during the Korean War. The decision to cashier General Dugan was, however, Mr Cheney's alone (even though it met with President Bush's approval). The swiftness of execution was typical of the way Mr Cheney has used the Gulf crisis to enhance his stature and authority in the Bush administration.

Aged 49 (he looks a lot older, thanks to three heart attacks), Mr Cheney has spent almost 20 years in Washington, first as a youthful White House chief of staff under President Gerald Ford, then as a Republican Congressman from his native Wyoming.

Often he has looked the odd man out in the Bush entourage. His hawkish views – notably his prediction last year that President Mikhail Gorbachev would not succeed in his reform effort – have earned him the sobriquet "the last cold warrior". Mr Cheney has spent most of his time in



Richard Cheney on an official visit to Spain yesterday shares a light moment with King Juan Carlos before meeting at the King's residence outside Madrid

office resisting the stampede in Congress for deep cuts in the Pentagon's \$300bn annual budget.

It is a thankless task, but the last few weeks have seen Mr Cheney move centre stage, starting with his mission to Saudi Arabia immediately after Iraq's invasion of Kuwait. Mr James Baker, US Secretary of State, was in Siberia at the time, holding talks with Mr Eduard Shevardnadze, the Soviet Foreign Minister, and so it fell to Mr Cheney to undertake the delicate task of persuading King Fahd to abandon longstanding policy and agree to play host to the biggest US military build-up since the Second World War.

Those with a mischievous streak in the Bush administration believe the President deliberately passed over his old friend (and occasional rival) Mr Baker in favour of Mr Cheney to win over King Fahd. "Baker's always looking at four options down the road," said one knowledgeable official. "Bush wanted someone whose commitment was as strong as his own nomination was delayed in the Senate in the spring of 1989."

Mr Cheney has done a creditable job. Unlike Mr Weinberger, he listens. He may not be a conceptual thinker (unlike his wife, Lynne, a PhD in comparative literature and head of the National Endowment for Humanities), but he is a shrewd political operator who benefits from his experience in both the executive and legislative branches.

Mr Cheney also has a keen sense of power – vital if the Defence Secretary is to compete effectively against his peers in the CIA, the State Department, the National Security Council, Congress, and the Joint Chiefs of

House of Representatives, "a heavy-handed sonofabitch" has always leaned toward candour at the expense of propriety. "Dick is a hard-headed realist who is not easily swayed," says Congressman Henry Hyde, his old House Republican colleague.

The ability to resist the power of the Pentagon bureaucracy is perhaps the most important quality that a Defence Secretary can possess. With its 3m-strong civilian and military workforce, the Department of Defense is a labyrinth of vested interests and inter-service rivalry which makes it tough to run, let alone reform. These days, the combination of a full-blown crisis and the pressure to reduce spending has put the Pentagon under greater strain than at any time since the war in Vietnam.

In the 1980s, the decade of the \$2,000bn rearmament programme, the story was very different. Under Mr Casper Weinberger, who served for seven years as Defence Secretary, the armed services were indulged as never before. The urgent need to bring the Pentagon under control was, therefore, the source of Mr Tower's advice to Mr Cheney once his own nomination was delayed in the Senate in the spring of 1989.

Mr Cheney has done a creditable job. Unlike Mr Weinberger, he listens. He may not be a conceptual thinker (unlike his wife, Lynne, a PhD in comparative literature and head of the National Endowment for Humanities), but he is a shrewd political operator who benefits from his experience in both the executive and legislative branches.

The really interesting question is what kind of advice Mr Cheney will give to the President once the US military build-up in Saudi Arabia is complete and economic sanctions have had time to work. "Dick is not a sabre-rattler," says his friend Mr Hyde. "He won't shy away from using force, but he won't rush headlong into war."

What is clear is that Mr Cheney can make tough decisions. Ask General Dugan.

Staff. During the Reagan administration, a weak president let the fighting constantly go public, but in the more collegial Bush administration, most of the jockeying for power remains under the surface.

An exception came with the titbit that Mr Cheney had ticked off General Colin Powell for offering too much political and not enough military advice to the President.

There is little doubt that the top brass remain worried about the lack of domestic staying power in a protracted conflict, a legacy of Vietnam. One theory is that General Dugan spoke out in order to box in Mr Bush's future military options. But most believe the General – with one eye on the Air Force's poor image after its mediocre performance in Panama and the troubled B-2 Stealth bomber programme – made the mistake of saying in public what many military men are saying in private.

Friends say Mr Cheney would have liked to simply carpet General Dugan, whom he appointed as Air Force Chief of Staff a mere three months ago. But the General's crime was to run down the other armed services at the expense of air power. "All the services are looking at this crisis and asking what does it mean for my budget," explains a Pentagon official, "and many may be promising more than they can deliver."

The really interesting question is what kind of advice Mr Cheney will give to the President once the US military build-up in Saudi Arabia is complete and economic sanctions have had time to work. "Dick is not a sabre-rattler," says his friend Mr Hyde. "He won't shy away from using force, but he won't rush headlong into war."

What is clear is that Mr Cheney can make tough decisions. Ask General Dugan.

Crisis will cause 'staggering losses' Iraq retaliates by expelling diplomats

By Stephen Fidler, Euromarkets Correspondent, in Washington

THE Gulf crisis will cause "staggering losses" in some countries even if it is resolved quickly, according to World Bank reports.

The reports, unpublished briefing documents for directors of the Bank, suggest the crisis would wipe out at least 30 per cent of Jordan's national income and 4 per cent of Egypt's because of lost workers' remittances and trade alone.

Because the figures are based only on recorded numbers, they are likely to underestimate the actual losses.

The reports also underline that the ability of the World Bank group to help all the affected countries is constrained. They say that many of the countries hit by higher oil prices "are approaching the Bank's creditworthiness limits."

Ten countries are described as most immediately affected by the crisis. Jordan will be the worst hit, losing \$3.4bn in worker remittances and trade in 1990-92. Egypt will lose

\$4.5bn and Turkey \$4.4bn, but they are both bigger economies. India will sustain \$1.5bn in losses.

On top of this, the fiscal burden on these countries will increase because the 2m workers returning from Iraq and Kuwait will have to be resettled.

"Losses of foreign exchange remittances... are likely to last for a considerable time, even under the best of circumstances," documents say.

Assessing the oil-related effects of the crisis is much more difficult because of uncertainty about oil prices. However, at least 60 developing countries would be "seriously affected through their balance of payments" if the crisis does not unwind over the next few months.

In the worst case – war – the reports estimate oil prices will rise to \$85 a barrel as up to 10m barrels a day are removed from the world market because of long-lasting damage to the oil fields of Kuwait, Iraq and Saudi Arabia. The price would remain above

\$30-40 a barrel for about five years.

Even short of war, if uncertainty in the region was prolonged for 12-18 months, many countries would face "critically difficult choices." Extra debt relief might be needed for those heavily in debt.

The reports underline the importance that aid is co-ordinated and that it supports economic reform efforts. Because many highly indebted countries have no access to commercial finance, greater emphasis will have to be placed on bilateral donors.

The World Bank officials say the bank is exploring with the IMF ways to provide some concessional aid with the help of donor funds.

The reports suggest the bank can itself help in advising countries on their policy responses, by adjusting lending programmes in some cases and by helping to mobilise other aid. But the Bank, it says, "has more limited potential in assisting the oil importing countries than it did either in 1974 or 1980."

The US State Department

IRAQ yesterday stepped up the diplomatic war in the Gulf by expelling European, US and Egyptian military staff and other diplomats from embassies in Baghdad.

The moves were sparked off by a European Community decision to order expulsions from Iraqi embassies in member countries earlier this week, after Iraqi troops had forced their way into several EC embassy residences in Kuwait.

The US State Department yesterday said Washington was also expelling three Iraqi diplomats in retaliation for Baghdad's decision to expel the US military attaché and two other US diplomats.

The Foreign Office in London said Iraq had ordered out three British Embassy staff and barred a new military attaché from taking up his post in Iraq. Colonel John Cockayne, Britain's current military attaché in Baghdad and two of his support staff, have been given seven days to leave.

The expulsions cut the number of British diplomats and staff at the embassy in Baghdad to 22. At the same time, the Home Office announced immigration rules which will in effect ban entry of new Iraqi students into Britain.

It was announced in Paris that Iraq had ordered out as many as 11 French diplomats in retaliation for France's expulsion of 11 Iraqi diplomats and 29 Iraqi military personnel and technicians.

Among others sent home,

the Italian Foreign Ministry said its military attaché and three of his staff had been expelled, while Egypt announced its military attaché, his staff and two senior diplomats had been ordered out.

Spain said it planned next week to expel several Iraqi diplomats in retaliation for Iraq's expulsion of the Spanish military attaché and his military assistant.

Mrs Margaret Thatcher, the British Prime Minister, described the Iraqi measures as "predictable, but unjustified."

NEWS IN BRIEF

US pays Iran claim for undelivered arms

THE US yesterday paid a \$200m (£106m) Tehran claim for undelivered American weapons orders dating from before the Iranian revolution, according to Western diplomats, AP reports from The Hague.

The claim was part of Iran's Foreign Military Sales (FMS) umbrella claim against the US, which Tehran has set at \$1bn in total, a figure Washington disputes as inflated.

The FMS claim is the largest before the Dutch-based Iran-United States Claims Tribunal, a closed-door forum to adjudicate on financial claims between the two nations.

The Iranian Government has repeatedly set the return of its assets held by Washington as a precondition for any intervention on behalf of the 13 Western hostages known to be held captive in Beirut by pro-Iranian Shi'ite Moslem militants.

The Iranian Government has repeatedly set the return of its assets held by Washington as a precondition for any intervention on behalf of the 13 Western hostages known to be held captive in Beirut by pro-Iranian Shi'ite Moslem militants.

THE WORLD OIL prices continued to rise yesterday on fears of supply shortages from November and more belligerent talk from Iraq's President Saddam Hussein, writes Richard Gourley.

The benchmark North Sea Brent crude oil rose more than \$1.50 to \$34.80 for November delivery in late trading. Product prices, particularly jet fuel, firms as the effect of lost production from Kuwaiti refineries became more apparent.

Traders said a warning to Iraq by President Saddam early yesterday to prepare for war helped unnerve the market. However, fears of a fundamental shortage of crude oil in November and December provided most pressure.

Saudis halt supplies to Jordan

THE FLOW of 33,000 barrels per day of Saudi crude to Jordan's Zarqa refinery was stopped this week, according to officials close to Aramco, the Saudi state oil company, Our Foreign Staff writes.

However, Jordanian officials denied knowledge of such a cut. The Saudi action, from last Wednesday, was justified on the grounds that Jordan had fallen into arrears on its oil payments. However, the move was seen as part of Saudi and US pressure on Amman to cut trade links with Iraq. Almost 80 per cent of Jordanian oil supplies come from Baghdad.

UN nears pact on air embargo

A DRAFT resolution to extend the United Nations embargo against Iraq to include air traffic yesterday awaited approval by the five permanent member states on the Security Council, writes Michael Littlejohns, UN Correspondent, in New York.

Diplomats said there were some "legal quibbles," but that the council would act early next week.

The Soviet Union, which holds the council presidency, has proposed that all five permanent members – the others are the US, Britain, France and China – be represented at the meeting by foreign ministers.

Mr Paul Henderson, Matrix managing director, said that, "in what was a blizzard of criticism," the management had been heartened over the DTI decision and by "a thaw in attitudes by financial institutions."

Matrix Churchill and its associate operations in the Midlands employ about 600.

Iraq claims violation of airspace

IRAQ said yesterday that two aircraft "coming from Saudi Arabia's direction" violated its airspace on Thursday, flying up to six miles over its territory, Reuters reports from Baghdad.

An Iraqi military spokesman was quoted as saying the violation took place in the Iraqi-Jordanian-Saudi border triangle area.



Iraqis queue for bread in Baghdad where the Government has rationed food because of the UN embargo

Machine tool maker granted licence by DTI

By Richard Donkin

THE UK Department of Trade and Industry has granted a licence for the supply of goods to Matrix Churchill, the Iraqi-controlled Coventry machine tool manufacturer which had some of its bank accounts frozen this week.

Matrix Churchill said the licence would enable it to trade normally. It had been looking to the DTI to provide some assurances that it could use to regain customer confidence after the Bank of England intervened to freeze accounts at a number of Iraqi-owned companies including Technology and Development Group (TDG) and TMG Engineering, Matrix's parents.

The Commission is implementing the UN European Commission's proposal to tighten the EC embargo against Iraq by extending the ban on trade in goods to the provision of services, such as transport, construction and engineering work, and consulting.

At the same time, Brussels is urging all 12 EC states to allow companies controlled by the Kuwaiti Government-in-exile, such as the Kuwait Investment Office, Kuwait Investment Authority, and the Kuwait Petroleum Company, to continue operating, provided their activities have no link with activities in Iraq.

In spite of the Community's proposal to tighten the EC embargo on trade in goods. However, the fact that some companies have continued to perform services in Iraq, like Dutch dredgers working in the Shatt al-Arab waterway, has focused attention on the service sector.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

It is felt that bulk shipments could be put to non-medical uses. Henceforth, individual EC governments should vet all humanitarian food and drug shipments for Iraq and Kuwait and keep Brussels informed, the Commission proposes.

The measures, which may get the necessary approval of EC governments within the next week, respond to the commitment by EC foreign ministers earlier this week to penalise Iraq further so that Baghdad would "realise the suicidal character of its behaviour towards the international community."

The August 8 regulations focused mainly on trade in goods. However, the fact that some companies have continued to perform services in Iraq, like Dutch dredgers working in the Shatt al-Arab waterway, has focused attention on the service sector.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions.

The Commission is also proposing that wholesale consignments of drugs be taken off the list of medicines that, along with emergency food aid, can be exported to Iraq under UN resolutions

INTERNATIONAL NEWS

Delay in military treaty threatens CSCE summit

By David Buchan in Brussels

THE PROSPECT of a 34-nation summit of the Conference on Security and Co-operation in Europe (CSCE) taking place in mid-November is still clouded by disagreement on cuts in conventional forces, a top US negotiator said yesterday.

Mr James Woolsey, US ambassador to the talks on conventional forces in Europe (CFE), said it was still uncertain whether he and fellow negotiators from Nato and Warsaw Pact countries would have a treaty ready to sign by November 19. This is the date set for CSCE nations to meet to establish a new post-Cold War order for Europe.

The US and several other Nato members have said they will not go to Paris without a CFE treaty to sign.

"Over the last year the Warsaw Pact has gone from a position of having less trouble than Nato in co-ordinating its position to having more trouble," Mr Woolsey said.

White House rejects Dole budget initiative

By Peter Riddell, US Editor, in Washington

PROPOSALS by the senior Senate Republican for ending the stalemate in US budget talks have been rejected by the White House, pushing back hopes of an early deal.

Senator Robert Dole, the Republican minority leader, suggested the cut in capital gains tax sought by President George Bush should be split off from the main deficit reduction package and voted on separately, along with Democrat proposals on child care and taxation. He said there should be "one pure deficit reduction package and one pay-as-you-go package".

The senator's initiative has produced strong objections from the administration

late a treaty into six languages. He hinted that the US would be happy to back any Soviet suggestion to exclude the issue of naval aircraft from negotiations, although he reiterated "we will not propose it".

The US wants to exclude all carrier-borne aircraft - it has more than the Soviets - but include aircraft like Backfire bombers or MiG29s that could be flown in air force or navy colours.

The two other principal stumbling blocks, he claimed, were verification and the share of weapons that any one country would be allowed to hold out of a Europe-wide total.

The Soviet Union wants to hold a higher percentage of equipment - due to be shared out between the Warsaw Pact allies and Nato - than the West is willing to permit.

"Over the last year the Warsaw Pact has gone from a position of having less trouble than Nato in co-ordinating its position to having more trouble," Mr Woolsey said.



Chief Buthelezi: welcome developments

Sihanouk offers talks concession

By Tim Dickson in Brussels

PRINCE Norodom Sihanouk, titular leader of the guerrilla coalition that has been trying to seize power in Cambodia for 11 years, has said he is ready to give the Phnom Penh government an extra seat on the Supreme National Council (SNC) if he were made chairman.

Officials unconnected with Mr MacSharry and the department he represents are working on ideas which they say better demonstrate the EC's willingness to make concessions on farm support in the international trade talks known as the Uruguay Round.

The latest development reinforces the divisions within the EC, left after Wednesday's unexpectedly bitter meeting of

because of concern that this would jeopardise the tax cut. There were reports that Mr John Sununu, the White House Chief of Staff, stormed out of the room when the idea was put forward.

Increasing strains have been reported between Senator Dole and some White House negotiators. President Bush has always insisted budget deal must include a cut in capital gains tax, so Senator Dole's proposal has produced a split in Republican ranks.

Congressman Newt Gingrich, the House minority whip and a strong supporter of tax cuts, said House Republicans felt strongly about having one package, not two.

The officials said the Khmer Rouge, the guerrilla coalition's dominant partner, might reject the concession, aimed at breaking a deadlock in talks reached in Bangkok this week. The SNC, formed in Jakarta last week, is intended to exist alongside a United Nations administration in Cambodia until free elections are held.

Under Prince Sihanouk's proposal, Hun Sen, Cambodia's Prime Minister, would have seven seats balanced by seven seats held by the guerrilla coalition.

A western diplomat in Peking said: "Sihanouk doesn't care if there are 12, 13 or 14 seats on the SNC as long as he's president. He's making a big push to return as leader of Cambodia."

Buthelezi agrees to ANC talks

By Philip Garrow in Johannesburg

CHIEF Mangosuthu Buthelezi, chief minister of KwaZulu and head of the Zulu-based Inkatha Freedom Party, yesterday agreed conditionally to participate in talks with the African National Congress (ANC) and other homeland leaders aimed at bringing an end to violence in the country.

He said he would be delighted to attend if the ANC was genuine in wanting to end the strife between Inkatha and the ANC. "I state firstly that these are welcome developments. Secondly, however, I must state that they need to be seen in their proper perspective," Chief Buthelezi said in a statement.

He went on to express reservations about being invited as a homeland leader rather than in his capacity as leader of the Inkatha Freedom Party. He would attend the gathering, scheduled for October 5, if conversations in

the interim with Mr Nelson Mandela, the ANC leader, convinced him the ANC was genuine in its desire to stop violence.

He cast doubt on the value of such contacts, though, saying previous talks Mr Mandela had held with other leaders had no effect in stopping violence.

"First of all, Mr Mandela and I must get together as respective leaders of the two dominant black political organisations involved in the violence," he said, underlining his wish to be considered an important political leader in his own right.

Chief Buthelezi was responding to a statement from the ANC's national executive committee in which the organisation resolved to meet him and other homeland leaders to discuss a common strategy to combat destabilisation and violence. The ANC's order is

being interpreted as a welcome climb-down from their previous refusal to talk to Chief Buthelezi.

The olive branch was extended further when Mr Mandela said yesterday that he was strongly in favour of talks with the homeland leader.

"He was, and remains, my friend because of the tremendous support which he gave me in prison, demanding my release and that of my comrades, taking the view that he would not negotiate with the government until political prisoners had been freed. I remain indebted to him for his friendship and support," Mr Mandela told SABC television.

The ANC yesterday strongly criticised the announcement that from September 25 a curfew would be enforced in townships that have been affected by violence.

Romanian tribunal jails son of Ceausescu

MR NICU Ceausescu, the youngest son of the former Romanian dictator, was yesterday found guilty by a military tribunal of "instigating to murder" and sentenced to 20 years' imprisonment, AP reports from Bucharest.

The five-man panel of judges dropped the original charge of complicity in genocide.

Ceausescu, 32, was Communist Party leader for the town of Sibiu. He was accused of causing 88 deaths there during the December 1989 revolution in which his father, Nicolae Ceausescu, was ousted and then executed.

Liberian task force chief replaced

A Nigerian officer is to replace the Ghanaian commander of the West African peacekeeping force in Liberia. William Kelehi writes from Lagos.

Major-General Joshua Dogonayaro, a close associate of President Ibrahim Babangida of Nigeria, is to replace Lt-Gen Arnold Quainoo, whose position is thought to have become untenable following the capture by rebels of the late Liberian president, Samuel Doe, from the headquarters of the West African force.

Drug traffickers 'hold' journalist

Colombian drug traffickers known as the "extraditables" claim to be holding Mr Francisco Santos, news editor of El Tiempo, and other kidney victims, Sarita Kendall writes from Bogota. In phone calls to El Tiempo, a man speaking for the Medellin cartel, said the "extraditables" demanded to be treated as a political group.

Lebanese reform

Mr Elias Hrawi, Lebanon's president, yesterday signed into law political reforms giving Moslems an equal share of power with the long-dominant Christians, in a bid to resolve Lebanon's 15-year-old civil war, AP reports from Beirut.

MacSharry rivals draw up secret agenda

By Tim Dickson in Brussels

RIVAL PROPOSALS which go further than the farm subsidy cuts currently envisaged by Mr Raymond MacSharry, EC agriculture commissioner, are being secretly drawn up in Brussels.

Officials unconnected with Mr MacSharry and the department he represents are working on ideas which they say better demonstrate the EC's willingness to make concessions on farm support in the international trade talks known as the Uruguay Round.

The latest development reinforces the divisions within the EC, left after Wednesday's unexpectedly bitter meeting of

the Commission which failed to reach consensus on the agriculture issue.

Yet the latest backstage efforts to prise Mr MacSharry away from the EC's powerful farm lobby could prove controversial and may even backfire, providing a surge of support for the Irish commissioner.

Relations between Mr MacSharry and Mr Frans Andriessen, the external relations commissioner who holds the overall EC negotiating brief in the Uruguay Round, are already under considerable strain. It is no secret that Mr Andriessen, along with Mr Martin Bangemann, the inter-

nal market commissioner, has been leading those in Brussels in favour of a more conciliatory approach.

The alternative approach now being developed by supporters of this camp would not automatically alter the shape of the paper presented by Mr MacSharry, which calls for an overall 30 per cent cut in farm support over the 10 years between 1988 and 1998. But it would make the cuts in support bite harder and offer an olive branch to the US in the form of clearer assurances that the EC will take action to reduce export subsidies on farm produce.

It also involves a tighter regime for the heavily protected sugar sector, implementing the findings of a GATT panel critical of the EC's oilseeds proposal which Mr MacSharry's proposal appears to ignore, and more flexible operation of the new tariff-free import quotas which the EC plans to introduce for oilseeds and other products.

The two sides are certain to clash at next Wednesday's Commission meeting when Mr MacSharry will repeat his view that farmers are being asked to swallow enough harsh medicine, given their present distress over lamb and beef.

US group likely to secure Bundespost contracts

By Tim Dickson in Brussels

MOTOROLA, the US electronics company, is poised to win some large contracts from the West German Bundespost to build the infrastructure for its new mobile telephone system, David Goodhart writes from Bonn.

Telekom, the telecommunications division of the Bundespost, denies it is punishing its main domestic suppliers, Siemens and SEL, for allegedly working with greater enthusiasm on the rival private sector

network being built by Mannesmann.

However, an official said the decision to open up tendering to 13 of the number of regional banks and financial institutions shut in the last week as part of the fall-out from its tight money policy to squeeze inflation, writes Simon Fisher in Rio de Janeiro.

Scarce money has caused interest rates to rise and left many financial institutions over-exposed. On Thursday night Mr Ihara

Brazil's fiscal squeeze hits eight more state banks

By Tim Dickson in Brussels

BRAZIL'S central bank has been forced to close a further eight state banks, bringing to 13 the number of regional banks and financial institutions shut in the last week as part of the fall-out from its tight money policy to squeeze inflation, writes Simon Fisher in Rio de Janeiro.

Scarce money has caused interest rates to rise and left many financial institutions over-exposed. On Thursday night Mr Ihara

A FIRM GUIDE TO THE STOCKMARKET FOR UNCERTAIN TIMES

FROM FINANCIAL TIMES MAGAZINES

What kind of advice do you want to see from a financial newsletter?

EDITORIAL Our editorial gives you a weekly guide to which way the stockmarket will move and why. We give you clear and direct advice which won't leave you in the dark.

BUY/SELL & HOLD ADVICE We also believe that selling dear shares is as important as buying new ones. And we'll tell you to hold on when necessary.

A WEALTH OF FINANCIAL EXPERIENCE We have been in business for over forty years. And the combined stockmarket experience of our editorial team amounts to almost 100 years with 30 being accounted for by the editor alone!

PENNY SHARES TO BLUE CHIP Tastes vary and so do stockmarket fashions. We cater for both the active punters and the long term investors.

UPDATES Earlier recommendations are regularly re-assessed. We will tell you what action to take and when.

TWO FREE GUIDES & FOUR FREE ISSUES With your trial subscription, we'll tell you how to make the most out of the information we offer as well as giving you a free pocket guide to the stockmarket. And your first FOUR ISSUES are FREE, so that you can test our recommendations without making a big commitment.

SO WHO ARE WE?

Although we are editorially independent, we are owned by the same company as these two publications and have complete access to their research facilities.

IC Stockmarket Letter

SUBSCRIBE TODAY!

The price of stockmarket investments can go down as well as up. Past performance is not a guide to future performance.

Please return to: FT Magazines, Subscriptions Department 1st Floor, Central House, 27 Park Street, FREEPOST, Croydon CR9 9ER. YES, please enter my subscription to IC Stockmarket Letter at the UK rate of £25.

I understand that I will receive 55 issues: the first 4 issues are FREE.

I enclose a cheque to the value of £ _____ made payable to FT Business Information Ltd.

Please invoice me.

I wish to pay by credit card. Please debit my account.

VISA ACCESS

DINERS AMERICAN EXPRESS

Card No.

Expiry Date

Date

Nature of Business

Postcode

60312

FT BUSINESS INFORMATION LIMITED, REG OFFICE NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9LZ, REG NO. 920938



CHINA & EASTERN INVESTMENT COMPANY LIMITED

Preliminary Announcement of Final Results for the Year Ended 31st July, 1990.

	1990 USS	1989 USS
TOTAL NET ASSETS	33,825,845	24,949,901
GROSS REVENUE		
Income from fixed investments	939,293	985,198
Net gain from trading in dealing investments	313,614	86,349
Interest on deposits	187,581	290,070
Interest on loans to unlisted investments	35,592	-
Net exchange gain/(loss)	16,141	(103,866)
Sub-underwriting fee	-	1,216
Other income	-	97
	1,492,221	1,259,074
ADMINISTRATIVE EXPENSES	(695,042)	(711,509)
PROFIT BEFORE TAXATION	797,179	547,565
TAXATION	3,120	(1,353)
PROFIT FOR THE YEAR	800,299	546,212
PROPOSED DIVIDEND	(347,953)	(518,396)
PROFIT FOR THE YEAR, RETAINED	452,346	27,816
EARNINGS PER SHARE	</	

UK NEWS - SLIDING INTO RECESSION

South-east takes the brunt this time round

MR JOHN MAJOR would probably like to close his ears to the leading industrialists who this week pleaded for interest rate cuts to save UK companies.

Yesterday's figures for gross domestic product in the second quarter underlined the problem. GDP rose by only 0.3 per cent over the quarter (not a recession in the technical sense; the general definition is two consecutive quarters of negative growth).

All the economic news since the summer has pointed to the danger of a slowdown turning into a full-blown recession. The signs were there even before the Iraqi invasion of Kuwait.

Higher oil costs - brought about by the Middle East crisis - has less of an inflationary impact on Britain than an oil-exporter than it has on other countries. But slower growth because of increased energy costs means that Britain is facing recession square-on.

It must be the Chancellor's worst nightmare, recession breaking out before inflation - which could reach 11 per cent this month - has peaked.

The last thing Mr Major wants is to lose either credibility or the battle against inflation. He has held interest rates at 15 per cent for almost a year, but it is only since the summer that the economic indicators have started pointing in one direction.

Retail sales were, until the summer, bobbing up and down until they fell decisively in August. Consumer borrowing was at a record high in January before tumbling last month.

The unemployment figures gave the earliest warning signal. In February, unemployment stopped falling. Joblessness is rising in ever-bigger monthly totals and at an annual rate of a quarter of a million a year. Since January the numbers out of work have risen markedly in the south while remaining relatively stable in the rest of the country.

To cut interest rates when the economy is still growing at an annual rate of 2.5 per cent, prices still rising and big wage settlements looming would not be the hallmark of the cautious Mr Major - even if 1990-1991 turns out to be a repeat of 1980-1981. The 1980 recession

Output expectations	
	%
North	+6
Yorks & H'side	-9
E Midlands	+8
East Anglia	+1
South-East	0
South-West	-3
W Midlands	-18
North-West	-2
Scotland	+1
Wales	-2
N Ireland	+25
UK	-5

% balanced between positive and negative output growth expectations. CBI August survey of 2,200 members

estimated to be growing at a slower rate than in the UK as a whole in 1990.

The boost to international competitiveness provided by the depreciation of sterling throughout 1989 and into the first quarter of this year has in part sheltered the northern regions from the current slowdown. As domestic demand has slowed, exporters have switched their attention to foreign markets, prompting a rise of 8.5 per cent in the volume of non-oil exports over the year to the latest quarter.

Sterling's recent strength, however, could prevent companies from exporting themselves out of recession. A CBI/BSL survey (see accompanying chart) of consumer output expectations for the remaining months of the year shows a consistent pattern of low output expectations across the country as a whole.

Investment intentions for the past year, a good guide to the longer term confidence of industry, are similarly depressed, making it likely that future unemployment will become a fact of life across the north over the coming months.

Will the current downturn prove as severe as the recession which kicked off the Thatcher decade? While sterling has appreciated it has not reached anything like its overvalued status of late 1979. Britain is now saddled with a large current account deficit which makes sustained real appreciation of the currency less likely.

The capacity of manufacturing industry to survive a short sharp shock to competitiveness has increased as a result of the reforms and productivity gains of the past decade.

However, the prospects for the British economy over the next two years remain shrouded in uncertainty. Entry into the exchange rate mechanism combined with war in the Gulf could leave industry facing a strong exchange rate indefinitely. The capacity of manufacturing industry to survive such a shock to its international competitiveness without suffering considerable pain, appears highly doubtful.

Rachel Johnson and Edward Balls

came about through a combination of high interest rates and a stifling squeeze on export competitiveness.

Sterling had been appreciating strongly for over two years, sparked by the discovery of North Sea oil and fuelled by the oil price shock of 1979 and the tight monetary stance of the new Conservative administration.

In 1980 the squeeze was felt most severely among export-oriented manufacturing companies, predominantly located in the then industrial heartlands of the north-west, west Midlands, the north and Scotland. Manufacturing output fell 9 per cent in 1980 alone.

The steady slide into the recession of 1980 is in marked contrast and displays a wide divergence of regional and sectoral trends.

This time round it has been the south-east and east Anglia which have been most severely affected by the current downturn. The current squeeze has taken hold first in the property and service sectors in the south, with construction companies first to suffer.

House prices have fallen sharply across the south - the area where the property boom of the 1980s was largely located. House prices in the north have remained stable, even rising in some areas. The consequent fall in the nominal value of household wealth, combined with high interest rates, has slowly reduced the growth of consumer spending.

Retail sales in the south are

Boost for insolvency experts

THE corporate undertaking business in Britain has taken on a new lease of life.

The number of company failures has climbed rapidly in the past 18 months although the number of insolvencies is not yet as high as in the aftermath of the early 1980s recession.

Government statistics show that the number of insolvencies in 1989 was 6,890, and rose each year to a high of 14,838 in 1990. This fell back to 9,427 in 1991 but rose again to 10,456 in 1992.

Mr Alastair Jones, a senior corporate recovery partner in KPMG Peat Marwick McLintock's Birmingham office, says that the number of UK insolvencies was about 100 a month in the summer of 1988, rising to 200 a month by the end of the year and 300 a month by mid-1989. In August this year there were 400 receiverships.

According to Dun & Bradstreet, the business information company, there were

11,600 business failures in the first six months of the year, up 30 per cent over the same period last year. The business research company calculates this was the largest number of business failures in 10 years.

Insolvency experts may be grieved at the sudden surge in business but they are not convinced that the UK economy is on the brink of recession.

One difference, many point out, is that the large manufacturing companies which bore the brunt of the last recession are not yet going under.

Mr Mark Roman, head of Price Waterhouse's insolvency practice says: "I still don't think that we're seeing the serious failures in the manufacturing base that we saw in the early 1980s. I'd like to think that won't happen."

The businesses suffering most are small, recently established companies run by managers with no experience of previous recessions.

David Waller

The companies that were going bust in the Midlands 10 years ago were perhaps 70 or 80 years old," says Mr Jones.

"The typical business which fails now has only been around for four or five years."

The companies tend to be in the service sector - for example, in building, computer-software, high-tech electronics - rather than manufacturing.

Dun & Bradstreet calculates that 5,012 of the 11,600 failures in the first six months of the year - 46 per cent of the total - were in London and the south-east, an increase of 38 per cent for this region.

There are signs that business failures are spreading from the south-east to other regions: business failures in the south-west were up 54 per cent in the first half, by 25 per cent in the West Midlands; and by 34 per cent in the north-west.

John Fleming, the Bank of England's chief economist, had the following doleful message in the bank's most recent quarterly bulletin: "It was not to be expected that a sustained period of high interest rates... would leave no casualties or that the banks should be immune from its consequences."

The number of corporate failures

is lurching into a period of sustained economic slowdown which will probably last for most of next year. Pain will be felt in virtually all sectors and unemployment is likely to climb to 2m or more by the end of 1991.

This is the view of some of the UK's leading economists, many of whom believe the Government will hold off from reducing interest rates until early next year in an effort to prolong the slowdown and reduce inflation.

The economic gloom will be reinforced, many of the economists say, by the UK entering the exchange rate mechanism (ERM) of the European Monetary System (EMS) - an event likely to take place in the next six months.

Joining the ERM, which will tie sterling into a fixed band of exchange rates related to the movements of other European currencies, is expected to have the effect of forcing down wage increases and squeezing out demand from many sectors of the economy.

The economists provide just a few crumb of comfort. Many say Britain is unlikely to experience such a deep decline in output and business confidence as in 1980-81. During this period much of UK industry was brought to its knees.

The economists are divided on whether Britain is technically in a recession or likely to experience one. A recession is often defined as two successive three-month periods in which growth declines.

The figures for total UK output in the third and fourth quarters of 1990, and in early 1991, may confirm that Britain is in such a decline.



Wynne Godley: "To me it is quite clear we are in a recession, and we have been for some time."

Patrick Minford: "Our central forecast is not for a recession - but that assumes an early reduction in interest rates."

Bill Martin: "Yes, we are in a recession... there is no alternative if you want to defeat inflation."

Gavyn Davies: "Britain will probably not see a full-scale recession... there will be a long period of bleakness."

John Fleming: "It was not to be expected that a sustained period of high interest rates... would leave no casualties or that the banks should be immune from its consequences."

Andrew Britton: "Rising unemployment, more bankruptcies, poor profits and quite a lot of distress."

John Fleming: "The latest rate of 22,000 is a large number - though not as large yet as the rises in 1980 - working out at a quarter of a million a year. Unemployment is a very consistent indicator of recession."

Professor Wynne Godley, of the Department of Applied Economics at Liverpool University, says Britain is testing on the brink. "To me it is quite clear we are in a recession and we have been for some time."

"I notice a sharp change of gear in the company sector - the walking wounded are falling down more effectively... I have no doubt that manufacturing is very depressed

and will suffer absolute falls in output. It will last six months." Mr Martin warns of difficulties for export-oriented manufacturers. "Companies were hoping that they would be able to export themselves out of recession but the strong exchange rate has prevented that," he says.

Professor Wynne Godley, of the Department of Applied Economics at Liverpool University, says Britain is testing on the brink. "To me it is quite clear we are in a recession and we have been for some time."

"The most important single indicator is rising unemployment. The latest rate of 22,000 is a large number - though not as large yet as the rises in 1980 - working out at a quarter of a million a year. Unemployment is a very consistent indicator of recession."

"The message is compounded by wide anecdotal evidence of the slowdown from companies. The decline of bank lending means the recession is going to be large," he says.

Mr Andrew Britton, director of the National Institute for Economic and Social Research, predicts "re-

cession, more bankruptcies, poor profits and quite a lot of distress."

He does not expect a slackening in interest rates until next year.

Mr John Fleming, the Bank of England's chief economist, had the following doleful message in the bank's most recent quarterly bulletin: "It was not to be expected that a sustained period of high interest rates, required to correct earlier laxity, would leave no casualties or that the banks should be immune from its consequences."

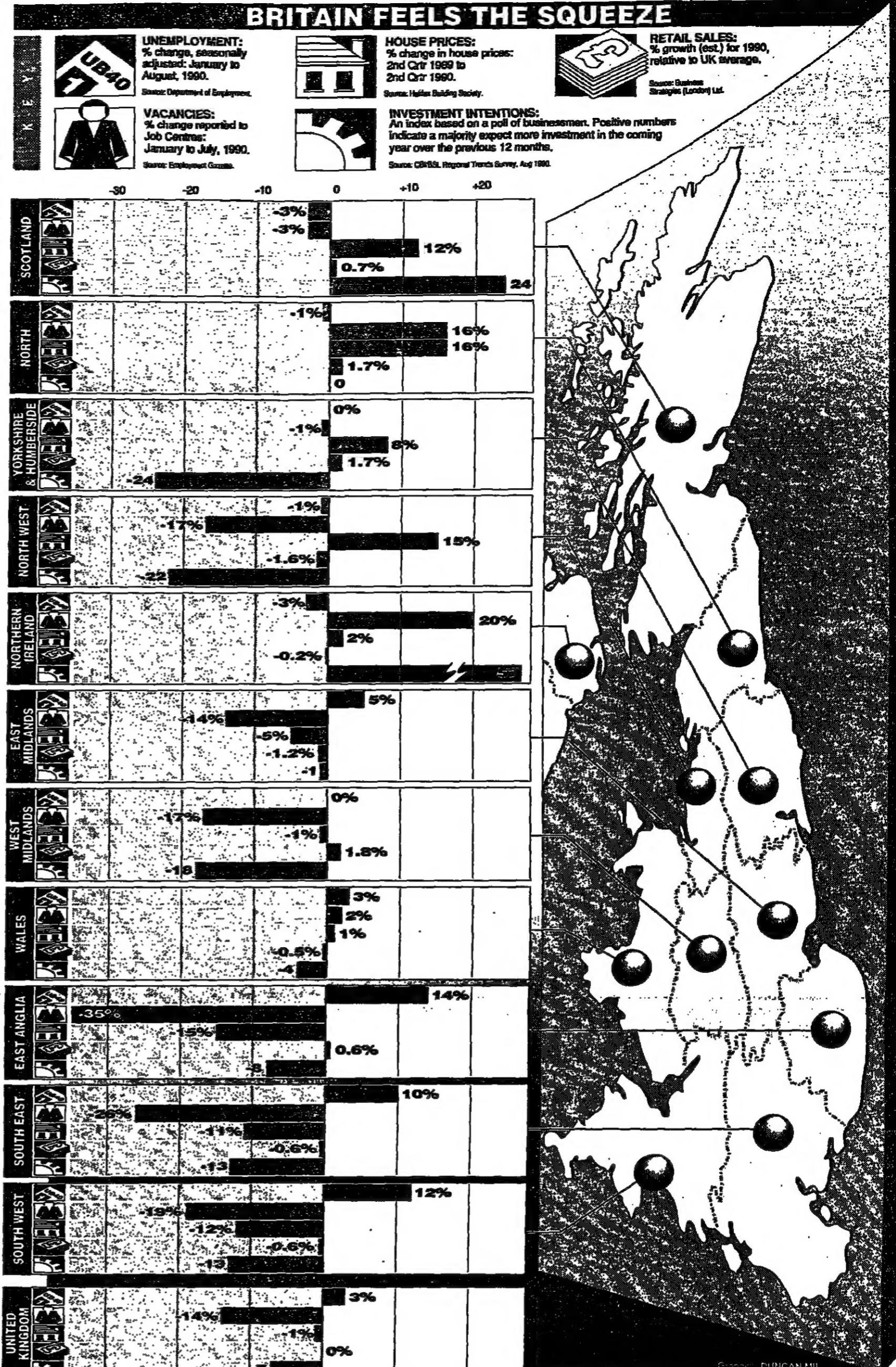
The number of corporate failures has already risen. These developments in the domestic economy have caused banks to increase significantly their provisioning for bad debts in the past year."

One sentiment shared by virtually all leading economists is caution about predicting in detail the likely pattern of events over the next year. Whatever happens next in the Gulf crisis will upset the most carefully-considered economic forecast.

Economists are also aware of their poor record in forecasting. Many are haunted by memories of 1986-88, when the economy was running at full blast and stockpiling up the inflationary pressures that are only now masking themselves fully apparent.

Few economists, as many now admit, recognised the speed with which the pressures were building up. Nor had they any inkling of the problems the UK was running into.

Peter Marsh and Rachel Johnson



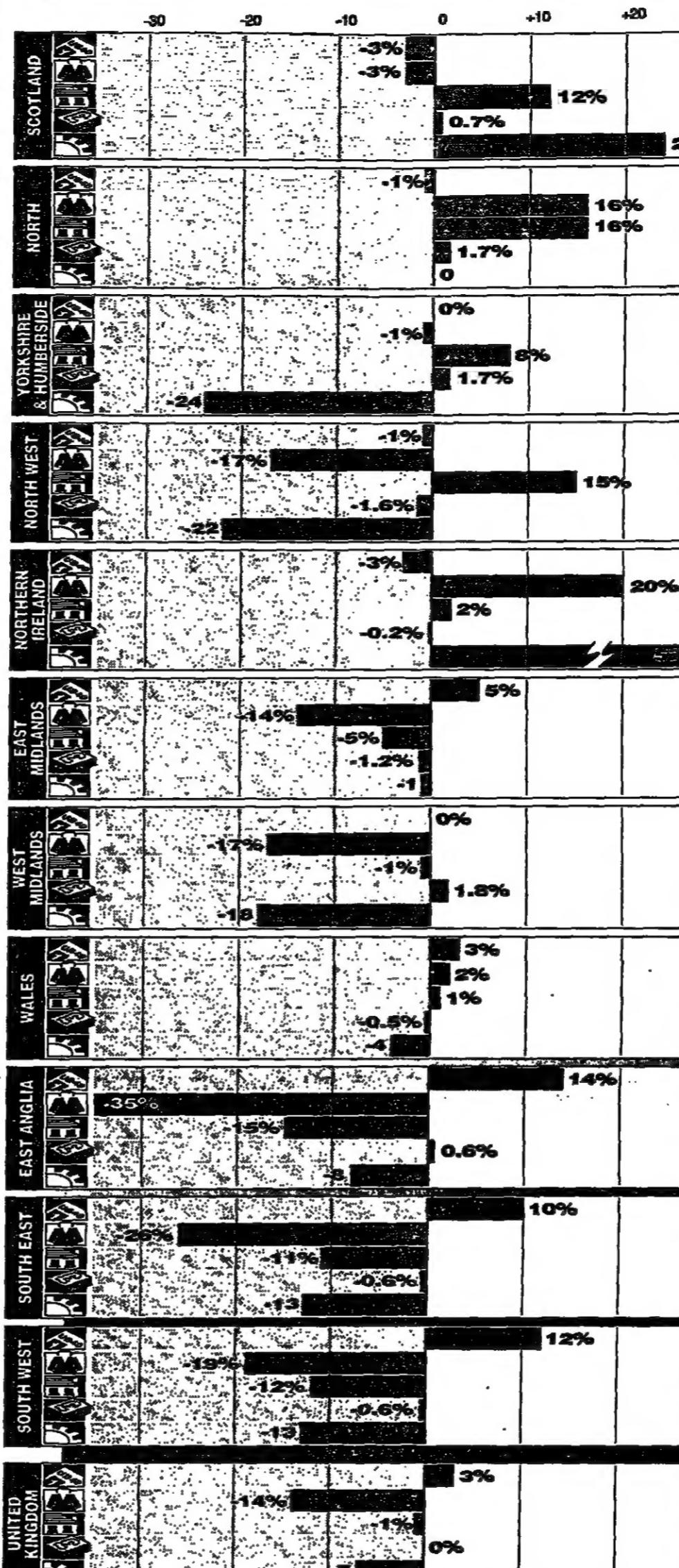
BRITAIN FEELS THE SQUEEZE

UNEMPLOYMENT: % change, seasonally adjusted: January to August, 1990. Source: Department of Employment.

HOUSE PRICES: % change in house prices: 2nd Ctr 1989 to 2nd Ctr 1990. Source: Halifax Building Society.

INVESTMENT INTENTIONS: % change reported to Job Centres: January to July, 1990. Source: CBI/BSL Regional Trends Survey, Aug 1990.

RETAIL SALES: % growth (est) for 1990, relative to UK average. Source: Business Strategies (London) Ltd.



Source: Halifax Building Society.

Source: CBI/BSL Regional Trends Survey, Aug 1990.

Source: Business Strategies (London) Ltd.

Source: Department of Employment.

Source: Halifax Building Society.

Source: Department of Employment.

Source: Halifax Building Society.

NEWS IN BRIEF

SNP leader warns his successor

MR GORDON Wilson, outgoing leader of the Scottish National Party, yesterday addressed the party conference for the last time as leader and warned the two candidates in the election for his successor that the job was "more like being a team captain than a striker or even team manager."

He described both candidates — Mrs Margaret Ewing, MP for Moray, and Alex Salmond, MP for Banff and Buchan — as "excellent people" but the reference to a "team captain" was interpreted by some as coded support for Mrs Ewing.

Alec Ellinger

MR ALEC Ellinger, a notable pioneer of investment analysis in the postwar era, has died aged 85. Founder in 1945 of the Cambridge-based consultancy Investment Research, he was regarded as the leading technical — or chartist — analyst of his day, although he was also active in developing methods of fundamental analysis of companies.

Of a number of books and articles he published, the most successful was *The Art of Investment*, which went to several editions.

Poll tax judgment

THE COURT of Appeal will "do its best" to give judgment on Monday in the appeal by Mr Chris Patten, the Environment Secretary, who is attempting to reverse the £251 poll tax figure set by the London Borough of Lambeth, which has had its budget capped.

BA grounds aircraft

BRITISH Airways yesterday withdrew its fleet of nine Advanced Turbo-Prop aircraft for checks after the crew of one had difficulties lowering the undercarriage.

The flight from Glasgow, with 53 passengers aboard, had to circle Birmingham Airport once before landing on Thursday because at first the undercarriage would not lower.

Cash for N Ireland

ATTEMPTS TO promote reconciliation between Protestants and Roman Catholics in Northern Ireland received cash aid yesterday from the European Commission.

Mr Bruce Millan, the European Commissioner responsible for regional policies, announced a £24m allocation from Brussels to help improve Northern Ireland's physical and social environment.

Stockbrokers fined

THE SECURITIES Association (TSA) yesterday fined London stockbrokers Oakes Pitman £10,000 after they admitted to dealing through a trader who was not registered under the Financial Services Act.

TSA said the case involved negligence and poor compliance procedures, rather than any deliberate contravention leading to a loss to investors. The regulatory body also yesterday suspended Broad Street Investment Research, a subsidiary of the Broad Street public relations group which has never conducted any investment business for failing to meet the TSA's capital adequacy rules.

Bid regulations

BIDS FOR UK companies will automatically lapse in the event of the European Commission subjecting them to a tiny under its merger control regulations, the Takeover Panel said.

The Panel's statement on the regulations, which came into force yesterday, extends the practice under which bids lapse when they come under review by the UK competition policies.

IN TRANSIT WAREHOUSE
Vauxhall, London SW8**URGENT PUBLIC AUCTION**
District Order Executed by the Court Appointed Sheriff**SEIZED**
VALUABLE ASSETS**A Large Confiscated Stock of****PERSIAN & EASTERN****Handmade Carpets, Rugs & Corridors****Including: Nain, Isfahan, Bokhara, Heriz, Kashkay, Heshehah, Srinagar, Kandahar, Belouch, Kars Kazak, etc.****Remaining goods sequestered in accordance with the Court verdict****now appertaining with other items for immediate liquidation by****SHORT NOTICE****PUBLIC AUCTION****SUNDAY, 23rd SEPT. at 11.00 a.m. SHARP****Inspection from 10.00 a.m.****This expert portion ordered in transit now ordered to be sold in quickest possible manner PIECE-BY-PIECE****SKILLION STORAGE WAREHOUSE****67-71 Broadway, Vauxhall, London SW8****(Situated 200 yards from Vauxhall Bridge, direction Nine Elms)****Terms: Cash, Certified cheques, major Credit Cards****BICKENSTAFFE & KNOWLES, Auctioneers,****6 The Arcade, Thurlow St, London SW1. Tel: 071-589 7971.****UK NEWS****Solicitors hope for early determinations in Guinness case****Saunders and Parnes to appeal**

By Robert Rice, Legal Correspondent

TWO of the three men jailed for their part in the illegal share support operation mounted during the 1986 Guinness takeover battle for Distillers are to appeal.

Mr Ernest Saunders, the former chairman and chief executive of Guinness, jailed for five years, and Mr Anthony Parnes, a City stockbroker, jailed for two-and-a-half years, announced yesterday that they would both appeal against conviction and sentence.

Lord Misson, solicitor for Mr Gerald Ronson, the chairman of the Heron Group who

was jailed for one year and fined £1m, said yesterday his client was still considering the question of an appeal.

Mr Saunders' Manchester solicitors Pannone Blackburn confirmed that an appeal had been lodged with the Court of Appeal in London.

The decision was taken by Mr Saunders himself after consultation with his lawyers at Ford Open Prison in West Sussex, where all three men are serving their sentences.

His solicitors said they hoped that an appeal could be held or determined by the end

of the year. Mr Saunders still faces trial in the second part of the Guinness prosecution, in which his co-defendants are Mr Roger Stell, former Morgan Grenfell corporate finance director, Mr David Mayhew, senior corporate finance partner of stockbrokers Cazenove & Co, and Lord Spens, the former director of corporate finance at Henry Ansbacher merchant bank.

Although there is a possibility that the Serious Fraud Office might decide not to proceed against Mr Saunders in that trial, his solicitors said

some of the issues in the first trial were "live" with regard to the second trial and logic therefore dictated that any appeal should be dealt with before it began.

Mr Saunders, Mr Ronson, Mr Parnes and Sir Jack Lyons, the millionaire financier, were between them convicted on 28 charges of conspiracy, theft and false accounting after a 107 day trial at Southwark Crown Court. All charges were denied.

Sir Jack, who had to undergo an operation shortly after the trial finished on August 26, will be sentenced on Tuesday.

EMPLOYMENT**Ucatt to start campaign against solvent-based paints**

By Diane Summers, Labour Staff

THE construction union Ucatt is to launch a campaign against the use of solvent-based paints, following preliminary survey findings which, according to the union, show high levels of sickness among members using the paints.

Meanwhile, a High Court date is likely to be set soon for what could turn out to be a landmark case on the use of solvent-based products.

The union is backing a claim from a man who developed cancer and who is alleging that his employer could reasonably have been expected to protect him from the effects of the paints.

If the claim is successful, and is helped by publicity surrounding the proposed Ucatt campaign, it could lead to a rush of other cases against employers from both retired and working painters.

The union says that it has surveyed a large sample of members in different forms of employment throughout the UK who were in contact with

solvent-based paints. The results are still being analysed but preliminary findings show that "a surprisingly high proportion" had suffered ill effects and reported illnesses ranging from minor skin complaints through to cancer allegedly linked to the paints.

• Wolverhampton Metropolitan Borough Council was yesterday fined £1,250 with £280 costs under Coshh and pesticide regulations after a 19-year-old apprentice carpenter became ill when she was exposed to a fungicide at work.

Ms Mandy Lewis sprayed, rather than brushed, the chemical on to the ceiling of a council property.

This resulted in her being exposed to high levels of the fungicide.

In the run-up to the first anniversary of the Coshh regulation, the HSE said the case was the latest of a number of prosecutions covering a range of work activities, which were not all necessarily in high-risk industries.

London Underground aids ethnic minorities

By Lisa Wood, Labour Staff

LONDON

Underground yesterday announced it had set

its targets for the number of

ethnic minority employees at

senior and middle management

level.

The company, part of Lon-

don Transport, intends to

make at least 15 per cent of

its senior and middle manage-

ment appointments over the

next three years from ethnic

minorities.

Although 28 per cent of the

company's workers are from

ethnic minorities only one per cent are from its middle management

are from such minorities.

The company intends to

achieve its targets through

various means, including

increasing the number of grad-

uate trainees from ethnic

minorities.

At present the figure is 11

per cent of all graduate train-

ees. This will rise to at least 15

per cent over the next three

years. London Underground is

also considering training pro-

grammes which could assist

existing employees to compete

more effectively for jobs.

London Underground said:

"There are people within the

company who have the ability

to progress in the organisation

but who may not have had the

opportunity to go forward for

training. We want to get away

from any idea that we only

employ ethnic minorities on

platforms."

In 1988 in a large scale man-

agement re-structuring there

were 10 new general managers

appointed at London Under-

ground.

There was not one member

of an ethnic minority among

them, neither are there any

among their immediate subor-

dinates.

London Underground, which

has a better record than many

employers in its appreciation of

equal opportunity policies,

set up a special committee last

year to seek to secure equal

opportunities for all its staff.

rate new procedural agree-

ments are under way.

The company rejected union

proposals to retain central dis-

cussion on some issues.

However, Prudential said it

might be possible for more

than one division sharing the

same location, for example, to

sit down jointly to solve a diffi-

culty.

There could also be compa-

nies in the event of reductions in staff or

closeries. The talks would take

place to aid the movement of

staff between divisions, said

Prudential.

COIF**The Choice for Charities****• The Charities Official Investment Fund**

Investments mainly in U.K. and Overseas Equities
Aims at long-term income and capital growth
Gives constant professional management
Simplifies investment administration

• COIF Charities Fixed Interest Shares

Investments in U.K. fixed interest and
convertible stocks
Offers a high yield but no inflation protection

• COIF Charities Deposit Account

A high daily interest rate
Withdrawals on demand
Gross quarterly interest

Funds total over £520 million and are managed in the City of London under Charity Commissioners' Schemes by trustees who are exempted persons under the Financial Services Act 1986.

Please remember the Fund's share values and their

dividends and the Deposit Account interest can fall as well as rise.

Past performance is no guarantee of future returns.

To : The Charities Official Investment Fund,
2 Fore Street, London EC2Y 5AP (071-5

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 8HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Weekend September 22/September 23 1990

Hold on to those hats

DO NOT just do something; stand there. That may not be the most exciting piece of advice for the central bankers and finance ministers of the group of seven industrial countries meeting in Washington this weekend. Yet, at least so far as monetary policy is concerned, it is almost certainly the best.

Fortunately, in Mr Alan Greenspan, the chairman of the Federal Reserve, and Mr John Major, the UK's Chancellor of the Exchequer, the G7 has at least two makers of monetary policy to whom doing little seems to come naturally. Better still, Mr Yasuhiro Mieno, Governor of the Bank of Japan, and Mr Karl Otto Pohl, Governor of the Bundesbank, are two central bank governors who are most unlikely to yield to sirens calls for accommodation of higher oil prices through a slackener monetary policy.

This does not mean that nothing at all needs to be done. Fiscal policy in the US does, as it has for many years, need credible action to remove the structural element in the deficit. Equally important is assistance to countries of eastern Europe and heavily indebted oil importing developing countries, both of which face higher oil prices and lower world economic growth. No less vital for the long term is successful completion of the Uruguay Round of multilateral trade negotiations.

The monetary policies now being followed guarantee the world economy a year or two of lower growth. But even that would be better than an inflationary upsurge like those experienced in the 1970s. Even the recession that might follow a war in the Gulf would be better than initial accommodation of higher inflation, followed by a still sharper recession later.

Small rise

In its latest World Economic Outlook, the IMF forecasts that - with oil prices at \$30 a barrel this year and declining to \$21 by the end of next year - the output of the industrial countries will rise by 2.6 per cent this year and 2.4 per cent next year. Both figures are markedly below performance in recent years. Higher oil prices - above all, a war in the Gulf - would mean still lower growth. At \$30 a barrel next year, for example, the IMF forecasts output growth to fall below 2 per cent. It may even not to stop at all.

Mr Major's sole play in the game of international co-ordination is the timing of membership of the exchange rate mechanism of the European Monetary System. Given his political objectives, this will depend on what room entry would give him to cut interest rates. With British industrialists panicking about recession, Mr Major may conclude quite soon that ERM entry is the only way for him to cut interest rates if not safely, at least with his disinflationary credibility intact.

Even without Saddam Hussein, the eighth-year expansion of the world economy would be slowing down. Whether what follows will prove to be a mild pause or a sharp recession is as uncertain as the gods of war. For that reason alone, the principles makers of monetary policy must fiddle, while everyone hopes that the world economy does not burn.

MAN IN THE NEWS

Asil Nadir

Outsider beyond the City wall

By David Barchard

"We just don't know enough about him to explain this," said one on Friday.

Mr Nadir, who is 47, appears to have only himself to blame for this ignorance, having shrunk steadily further from the outside world in recent years.

The latest share price collapse came as news emerged of a raid by the Serious Fraud Office on South Audley Mansfield, a small finance and management company belonging to the Nadir family though not to Polly Peck or Mr Nadir himself. It was followed within hours by a visit by Mr Nadir to the Serious Fraud Office.

The next chapters in the turbulent history of Mr Nadir and Polly Peck can at present only be guessed at. To Mr Nadir's critics, the news was no surprise. The air had been thick with rumours of impending trouble since last month when, in the space of two weeks, he unexpectedly announced plans to take the group private by buying the 71 per cent of its shares he did not already own - and then - just as abruptly - abandoned the plan.

Even the small band of Mr Nadir's admirers in the City, who trusted him and had been impressed by the audacity and efficiency with which he had built up an international industrial empire now confessed themselves to be thoroughly nonplussed.

This autumn's gatherings of engineering employers in the east Midlands have not been cheery affairs. As Mr Nigel Chubb, director of the local engineering employers' association, has made his way through Lincolnshire, Derbyshire and Nottinghamshire his members have delivered the same message.

There has been a marked deterioration in the climate since the summer. It is the most depressed it has been for several years," he says.

There is little hope of quick relief. Mr Chubb says: "In the spring most people were holding on, hoping that by the late autumn inflation and interest rates would be heading down and growth picking up. Now very few people expect things to get better before the end of next year."

The tales of woe from the East Midlands are part of a chorus of despondency which seems to be growing louder by the day. The Confederation of British Industry this week called for an interest rate cut to save the country from recession. The great and the good of the British motor industry gathered in gloom at the opening of the Birmingham motor show. The season of annual financial reports from house builders has turned into a bloodbath.

It seems that during the summer the clifftop road British industry has been travelling along for the past year took a sharp turn towards the edge. The Chancellor's prediction in the budget that "the downturn may become quite sharp" seems to be coming true.

But a slowdown after a few years on a high speed gravy train is one thing; a recession is another. Is British industry really headed for a fully fledged recession? How will it compare with the recession of a decade ago?

For quite a while it seemed the downturn would never become as acute as it has. The downturn has taken longer to arrive than most expected. It began life at the start of the year in a confined space. Sectors sensitive to interest rates - mainly retailing, textiles, housing and property - had been suffering for some time, as were manufacturers heavily dependent on the UK consumer market. The recession arrived at least a year ago for washing machine manufacturers.

But the damage was limited. In the first quarter much of industry was apprehensive but unaffected. Whereas Britain was set into the 1980-81 recession by a high exchange rate eating its way through sectors exposed to international competition, this downturn began at home. The relative weakness of sterling meant that exporters, such as some of the small chemical companies which ship more than 80 per cent of their output overseas, were looking forward to a more buoyant year than 1989.

By the early summer, the downturn had extended its reach but seemingly without gathering much momentum. Some sectors such as truck makers, which had cut output by more than 20 per cent, were beginning to feel it. But although car registrations, chemical demand and steel output were heading down, they were falling gradually, from historic highs. It looked as if most of industry would get away with a gentle slowdown and escape pain.

As people were resting in July and August wondering why nothing ever happens in the summer, the downturn was making its great leap forward. They have returned to work to find that it has enveloped large swathes of industry.

Those sectors that have been burning for some time are now hurting even more. The construction industry - a roll call of the walking wounded, Sir Clifford Cheshire, chairman and chief executive of Whimsey, which had a two-tax profit fall by 72 per cent in the first half of the year, believes it is the worst recession in the industry he

has ever seen.

There has been no let up for the truck manufacturers. Short-time working has become commonplace at their plants. IVECO and AWD are leading the pack with output almost 80 per cent down on last year, but the others are on hard on their heels.

• The prospect of a decline in defence spending has forced retrenchment among some defence contractors. Rolls-Royce is to make 700 redundancies at Bristol, while GEC is making 550 redundancies at the mainly Scottish businesses it acquired from Ferranti.

This is another contrast with the recession of a decade ago. Then defence spending kept those parts of

industry afloat. Now, uncertainty about the medium term outlook for defence contractors - notwithstanding orders which may flow from the conflict in the Gulf - is contributing to manufacturing industry's instability.

• The downturn is now seeping into other manufacturing sectors. Commercial van producers are following in the footsteps of the heavy truck makers, with a 26 per cent decline in sales in August. The 11.6 per cent fall in new car registrations in the first eight months of the year is starting to affect suppliers to the industry. Several component makers such as GKN have issued profit warnings and made some redundancies. There was talk at the motor show this week of vehicle distributors going bankrupt in the next six months.

Largely as a result of the fall in new car registrations the growth of the cellular telephone market has

begun to slow. The two operators, Cellnet and Racal-Vodafone, added fewer than 16,000 new subscribers in August, compared with 22,500 in July. August is usually a bumper month for car phone sales, on the back of new car sales linked to the annual change in the car registration letter.

• Some sectors have turned sour much more suddenly. In the early part of the year it looked as though investment and rationalisation might have insulated bulk chemicals from the downturn. But in the last couple of months bulk chemicals have, in the words of one industry executive, "gone off the cliff in just the same way that they did before."

Much of the misery is attributable to the slow-acting depressant of high interest rates. But in the past six weeks, a new threat has emerged: sterling's rapid appreciation against the deutschmark. As a result, the squeeze is starting to work on industry from both sides. Not only could higher sterling depress the value of profits earned at overseas subsidiaries, it also threatens to stifle exports.

Until the autumn exports had been an important escape route for the likes of the UK's 140 small independent steel makers. Their production was 2 per cent up in the first six months, compared with the first half of 1989, largely because a 6 per cent decline in home deliveries had been offset by a 23 per cent increase in exports.

That safety valve now appears to be closing. Mr Nicholas Kemp, director of the Sheffield engineering employers' federation, says of the local industry: "In the past six months home orders have tailed off. If it was not for exports life would have been much more difficult. But now exports are starting to become difficult."

The signs of faltering export demand are already showing in machine tools, an industry which was cut to the bone in the recession of the early 1980s.

The UK order book for machine tool makers in July was 18.5 per cent down on a year before, while export sales were 29 per cent up. But in the past three months the order intake from overseas clients has been halved. As if all this was not enough, a host of additional problems is flowing from Iraq's invasion of Kuwait and the subsequent rise in oil prices: higher costs for petro-chemical companies and airlines are cutting further into their margins. For the rest of industry it has dashed any lingering hopes of an early fall in inflation and interest rates.

However, although the downturn has deepened and spread, the picture is not uniformly gloomy. As yet there is little sign of a tail off in big investment programmes, although orders for construction work on factories and warehouses have fallen 30 per cent in the past six months.

Smaller investments to make modest improvements in efficiency may be failing by the wayside. But companies are still spending on essential projects, according to Mr Tim Kelleher, chairman and chief executive of Verson International, the Midlands-based capital equipment manufacturer. "Demand from the auto industry for major capital projects like big

process lines is still strong. These are permanent improvements in capacity which they have to put in to stay competitive," he says.

Steel demand also reveals a mixed picture. Although steel stockholders report a 20 per cent drop in sales of heavy sections to the construction industry, stainless steel sales are holding up well.

Some sectors are continuing to forge ahead regardless of the talk of recession.

Railway equipment makers like Hawker Siddeley are benefiting from higher public investment at British Rail and orders flowing from the Channel Tunnel.

The pharmaceuticals sector is still going strong because demand is determined in large part by the level of public spending rather than consumer credit. Glaxo, the UK's largest pharmaceuticals group, this week delivered healthy profits with more in prospect.

Order books in the civil aerospace industry are still strong because it serves international customers' long term investment plans.

Indeed, aerospace yields another important contrast with the last recession. Large aerospace manufacturers, in common with car makers, have forged long term relationships with their suppliers, which they will not want to jeopardise. Approved component makers will be less exposed to competition than they were a decade ago.

Even within individual companies performance is mixed. At Imperial Chemical Industries, bulk chemicals have succumbed to gravity and the company wants to sell its loss-making fertilizer division. But the divisions which produce paints and hydraulic seeds for farmers are performing well.

The success of these divisions will be an important test of one sort of strategy designed to avoid the damage of the last recession. ICI has moved away from commodity products, which trade on price, towards higher valued added goods, which trade more on their sophistication and quality. It is not alone. Since the last recession many British engineering companies, such as TI and IAI, have focused on securing high quality niches in international markets. In theory these strategies to build a secure customer base, loyal to a high quality product, should be a defence against the sort of price competition which ripped through industry a decade ago.

The rising importance of quality as a consideration in manufacturing means that manufacturers may have to respond to this recession quite differently. According to Mr Derek Barron, head of Ford's UK operations, the company would rather earn lower profits than lay off staff on the grounds that making people redundant would undermine its attempts to encourage loyalty and commitment to quality.

Clearly, the history of previous recessions is not about to repeat itself in exactly the same way. Some companies are better prepared than a decade ago, backed by buoyant profits in recent years, greater efficiency and effective strategies to internationalise their activities.

But many seem to be waiting, watching and hoping that 1991 will turn out to be no worse than the mid 1980s, the years between the recession and the height of the consumer boom. If the downturn lasts longer and cuts deeper companies may find they have left it too late to take effective action. At quite a few companies the fashionable talk of total quality and continuous improvement will be exposed as type.

Industrialists who started the year apprehensive are approaching the end of it anxious, but not yet hysterical. As Mr Ron Cash, secretary of the National Association of Steel Stockholders, describes the mood of his members: "They are not desperate, just depressed."

British industry's chorus of despondency is becoming louder by the day. Charles Leadbeater on the prospects of recession

UK plc takes a turn for the worse



The ALLIANCE Trust Companies of Dundee

"Put not your trust in riches, but put your riches in trust"

(John Guild, Chairman, Alliance Trust AGM, Dundee 1991)

THE SECOND ALLIANCE TRUST PLC FINAL RESULTS

for the year ended 31st July 1990

EARNINGS & DIVIDEND: Strong growth of income leads to 17.4% earnings increase. Dividend rated by 17.5%.

DISTRIBUTION: Equities: UK 49%, US 29%, Europe 13%, Other 7%; Cash 2%.

LONG TERM PERFORMANCE: Income: Dividend increased by 26.4% over 10 years (PPI + 57%).

Capital: Net asset value has outperformed the FT All Share Index in 7 out of the last 10 years and shows an overall increase of 349% compared with 306% for the index.

SAVINGS INFORMATION

ALLIANCE PEP: A self select PEP with a choice of over 150 shares. No initial or annual charges and very low dealing costs. Electricity privatisation shares will be taken.

SAVINGS SCHEME: Low cost method of investing lump sums or regular savings in The Alliance Trust PLC or The Second Alliance Trust PLC.

SHARE EXCHANGE: Low cost facility for selling shares and switching proceeds into the Alliance PEP or Savings Scheme will be available shortly.

Further details about the Trusts and the savings products are provided in the information pack.

To: The Secretary, Meadow House, 64 Reform Street, Dundee DD1 1TJ

I would like to find out more about the Alliance Trust Companies. Please send me an information pack.

Name _____

Address _____

Postcode _____

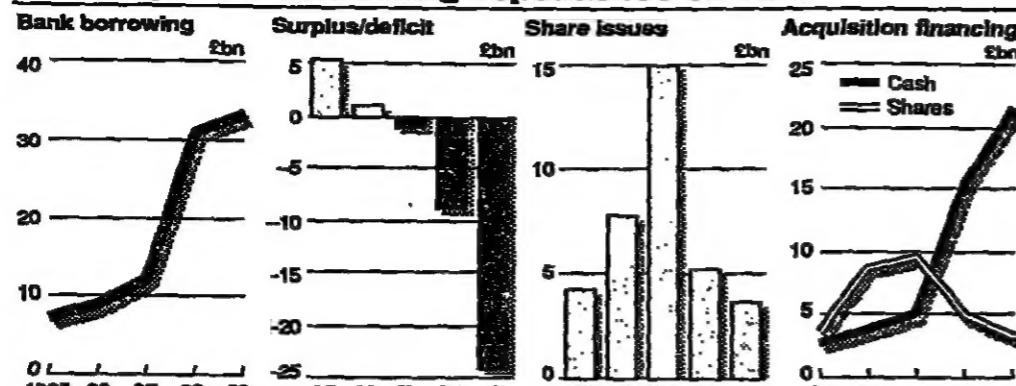
The Alliance PEP and Dividend and Savings Investment Schemes are managed by Alliance Trust Company Limited (a member of FIMBRA) and are registered for the purposes of section 27 of the Financial Services Act 1986. Please remember that the value of investments can go down as well as up and that you may not get back the amount you invest. These investments may be affected by market forces.

JP Dino 150

Barry Riley on the impact of the sharp retreat of prices on the London stock market

Slide exposes the heavy borrowers

UK companies' increasing dependence on debt



BRITISH INDUSTRY'S love affair with debt this week appeared to be ending in squabbles and tears. Amidst the general retreat of prices on the stock market were embedded some nasty individual falls for heavily borrowed companies. On Tuesday in particular, a whiff of panic swept through the City of London's streets.

One company affected was Cookson Group, a fundamentally solid industrial group which has nevertheless seen its share price fall by five-sixths this year as the market has become alarmed about the risks of its heavy indebtedness. But its share price rallied yesterday.

Rosehaugh, the property company shored up by a controversial rights issue earlier this year, was one of the usual suspects to come in for another pasting.

Its share price is down something like 85 per cent this year.

Until this week, share prices in London had been holding up better than had values in many other leading markets around the world. Even now, the FT-SE index has fallen back only 18 per cent from the all-time peak which it reached last January, and almost (but for 2 per cent) regained as recently as mid-July.

In contrast, the French and German markets are down by more like 25 per cent from their recent peaks, and Tokyo has collapsed by almost 40 per cent this year. Wall Street is down less than London in local currency terms, but that is small comfort to international investors who are showing big losses on the dollar.

Trouble has been crowding in on the British company sector for more than a year now. There was a wave of collapses of overexpanded retailers in 1989, and property and house-building have been in a bad way for some time. But this could be dismissed as a fringe problem. British industry as a whole continued to pay out handsome dividends - which rose 15 per cent for 1989 - and although many small company share prices crumbled from May 1989 onwards, big company stocks have in general remained firm. Until the past few weeks, that is.

What has gone wrong? The Gulf crisis has knocked confidence, but a combination of other factors has triggered a part of the slide.

Sterling, for instance, has been rising through much of 1990. The government plan to enter the exchange rate mechanism of the European Monetary System some time soon has whetted the appetites of

foreign exchange traders. But for exporters the strength of sterling, especially against the dollar and the yen, has spelt lost business and collapsed margins.

The buoyancy of the currency has owed much to the freshly high level of sterling interest rates, which have been so painfully expensive for big borrowers. Repeated hopes of a cut from the crisis 15 per cent level have been dashed, most recently two weeks ago in a Bank of England warning.

Trouble has been crowding in on the British company sector for more than a year now

Finally, demand in the economy seems suddenly to have collapsed. The downturn so long expected has finally arrived. For many heavily-indebted companies the weakening of the economy could come as the last straw.

It is only a year or so since the borrowing space was still in full swing. Deregulation of bank lending was introduced by the Thatcher government a decade ago, but it took some years to have its full effect. To begin with, businessmen remained their traditional caution, and so did bankers, burned by the recession of 1981. But as a number of entrepreneurs began successfully to

recession bites, they and their increasingly nervous bankers must foresee ever-increasing problems in paying the quarterly interest bills.

That might not matter in normal circumstances, because the escape route of asset sales would still be open. Interest could be rolled up pending disposals, an especially common practice among property companies. But there are no longer any eager buyers of assets, only so-called bottom fishers and vulture funds seeking to capitalise on a credit crunch. Asset prices are tumbling, leaving the big debtors often hopelessly exposed.

The nightmare of a heavy

borrower is that he might become a forced seller at the worst possible moment. It happened in a quite dramatic way in 1974 to the BP Oil. It had issued heavy borrowings against its hugely valuable stake in British Petroleum. In freakish conditions the BP share price collapsed, and to avoid bankruptcy Burmah was forced to sell the stake at the beginning of 1975 - precisely at the very bottom of the stock market's slide. A few weeks later BP's share price had doubled, but it was small comfort to Burmah.

Capital market conditions can flip over with remarkable suddenness as various factors react upon each other. When the virtuous circle is operating, more and more debt leads to higher and higher asset prices and greater and greater profits. But when the credit lines are withdrawn values must collapse.

Volatile investors can aggravate the problem. Foreigners, for instance, are thought to have been withdrawing money from the UK - the Japanese because they have their own troubles at home, and the Continental Europeans because they are worried that the UK may not after all become a full EMS member.

Domestically, unit trust investors are especially likely to sell near the bottom of the market. The Unit Trust Association this week reported that unitholders had taken out £476m in August, making it the worst ever month for net redemptions.

But the bigger institutional groups such as pension funds and life assurance companies appear to have stayed more on the sidelines. They do not, and large, come under any short-term pressure to liquidate assets in a capital market crisis. On the other hand, they have their very own good strategic reasons for allowing the pressure to build on the corporate sector.

Although up-to-date figures for institutional investment are not available, it looks as though they have continued to allow their already substantial liquidity to build up. In due course they will be the leading source of new equity capital for distressed companies, and they will emerge as big buyers of property from overstretched developers.

But the big institutional fund managers may be happy to let prices continue to move in their favour for a while: bottom fishers do not mind if some mud is stirred up, they might find it easier to catch some helpless prey.

To cap it all, US economic

Eclipse for the US 'never-never' world

Peter Riddell on America's worries about the twin dangers of inflation and recession

It has been a bad week for American economic policymakers, and things are going to get worse.

On Monday, White House and Congressional negotiators missed yet another final deadline, the fourth in as many weeks, for reaching agreement on a tax and spending package to contain the soaring Federal budget deficit. Unless there is a quick breakthrough across-the-board spending cuts of up to \$105bn will be imposed in 10 days' time under the Gramm-Rudman deficit reduction law, causing widespread lay-offs of federal employees and cutbacks in services.

This week has also seen daily reminders of a deteriorating economic outlook made worse by the Gulf crisis, with weak consumer demand and industrial output, a halt to the previous strong growth in exports, the lowest housing starts for eight years and rising inflation. There have been further worries about the health of the US banking system as well as a further escalation in costs from the savings and loan rescue.

Consequently, while Mr Greenspan is expected by the administration to "do his duty" after any budget deal, he has been careful to lay down precise conditions. If Congress enacts a credible, long-term enforceable budget agreement of sizeable deficit reductions, he expects long-term interest rates to decline. "In that context, I would presume that the Fed would move toward ease to accommodate those changes."

Budget negotiators are agreed on the overall goal of cutting the Federal deficit by \$50bn in the coming 1991 fiscal year as part of a five-year \$500bn package (though not on the means of doing so). Even if the \$50bn cut is real (an optimistic assumption), that would still leave the 1991 deficit at \$200bn, or more than three times the target for the year under the Gramm-Rudman law.

These distinctions may be subtle for those in the north-eastern US and in the mid-Atlantic states from New Jersey down to the Carolinas where weakness is most apparent. Output is down, and output and output is declining.

The administration is committed to keeping the eight-year long expansion going at all costs. It is more concerned than the Fed with sustaining growth and less with what it sees as a possibly temporary surge in inflation. President Bush has repeatedly urged the Fed to cut short-term interest rates, preferably now, and certainly quickly and significantly if there is a budget agreement.

Mr Greenspan has been more

cautious in face of the conflicting pressures of slow GDP and higher inflation. He told Congress: "whether an efficacious policy response to current developments would seek higher, lower, or unchanged interest rates will depend on the specifics of the situation, which are shifting day to day."

In practice, the Fed is reluctant to ease monetary policy too soon, partly because any move which appeared to risk higher inflation might go wrong. It might be offset by higher long-term interest rates, which are crucial for business investment and mortgages.

Consequently, while Mr Greenspan is expected by the administration to "do his duty" after any budget deal, he has been careful to lay down precise conditions. If Congress enacts a credible, long-term enforceable budget agreement of sizeable deficit reductions, he expects long-term interest rates to decline. "In that context, I would presume that the Fed would move toward ease to accommodate those changes."

Budget negotiators are agreed on the overall goal of cutting the Federal deficit by \$50bn in the coming 1991 fiscal year as part of a five-year \$500bn package (though not on the means of doing so). Even if the \$50bn cut is real (an optimistic assumption), that would still leave the 1991 deficit at \$200bn, or more than three times the target for the year under the Gramm-Rudman law.

Unlike past years, where there have been "sliding" deals full of illusory cuts, this time the deficit is so high - around 4 per cent of Gross Domestic Product on top of \$3 trillion (\$3,000bn) of existing borrowing - that action cannot be deferred. As Mr Greenspan has warned, the markets would react negatively to any further delay. And the Fed will hold the budget negotiators to the fire by not acting until there is a deal.

The "never-never" world of

the Reagan 1980s in which

growth could continue for ever

and the US could continue to

borrow without worry has

now come to an end.

Mr Greenspan has been more

cautious in face of the

conflicting pressures of slow GDP and

higher inflation. He told Congress: "whether an efficacious policy response to current developments would seek higher, lower, or unchanged interest rates will depend on the specifics of the situation, which are shifting day to day."

In practice, the Fed is

reluctant to ease monetary policy

too soon, partly because any

move which appeared to risk

higher inflation might go

wrong. It might be offset by

higher long-term interest rates,

which are crucial for business

investment and mortgages.

Consequently, while Mr

Greenspan is expected by the

administration to "do his duty"

after any budget deal, he has

been careful to lay down

precise conditions. If Congress

enacts a credible, long-term

enforceable budget agreement

of sizeable deficit reductions,

he expects long-term interest

rates to decline. "In that context, I would presume that the Fed would move toward ease to accommodate those changes."

Budget negotiators are

agreed on the overall goal of

cutting the Federal deficit by

\$50bn in the coming 1991 fiscal

year as part of a five-year

\$500bn package (though not on

the means of doing so). Even if

the \$50bn cut is real (an optimis

tic assumption), that would

still leave the 1991 deficit at \$200bn, or more than three times the target for the year under the Gramm-Rudman law.

These distinctions may be

subtle for those in the

northeastern US and in the

mid-Atlantic states from New

Jersey down to the Carolinas

where weakness is most ap-

parent. Output is down, and

output and output is declin-

ing.

The administration is

committed to keeping the eight-

year long expansion going at

all costs. It is more concerned

than the Fed with sustaining

growth and less with what it

sees as a possibly temporary

surge in inflation. President

Bush has repeatedly urged the

Fed to cut short-term interest

rates, preferably now, and cer-

tainly quickly and significantly

if there is a budget agreement.

But the big institutional

fund managers may be happy

to let prices continue to move

in their favour for a while: bot-

tom fishers do not mind if some

mud is stirred up, they might

find it easier to catch some

helpless prey.

But the big institutional

fund managers may be happy

to let prices continue to move

in their favour for a while: bot-

tom fishers do not mind if some

mud is stirred up, they might

find it easier to catch some

helpless prey.

But the big institutional

fund managers may be happy

to let prices continue to move

in their favour for a while: bot-

tom fishers do not mind if some

mud is stirred up, they might

find it easier to catch some

helpless prey.

But the big institutional

fund managers may be happy

to let prices continue to move

in their favour for a while: bot-

UK COMPANY NEWS

Banks say Goodman misled them

By Kieran Cooke in Dublin

BANKS WHICH lent to Goodman International, the heavily-indebted Irish beef company, yesterday told the High Court in Dublin that they had been misled about the true state of Goodman international's financial affairs.

Altogether 33 banks are owed £146.0m (£420m) by Goodman International which is Europe's biggest beef processor and exporter. Last month the Court appointed Mr Peter Fitzpatrick as Examiner to the Goodman companies, headed by Mr Larry Goodman.

Yesterday four banks, Amro and ABN of the Netherlands, Commerzbank of West Germany and Bank Indosuez of France, which are together owed more than £120m, asked the Court for the Examiner to be given extra powers including jurisdiction over the assets of more than 50 companies separately controlled by Mr Larry Goodman, known collectively as the Cork Company.

In another application to the court yesterday, Goodman International agreed to place the Cork Company under the Examiner's control.

The Examiner complained to the Court about what was

termed as the unsatisfactory state of affairs at the present time. Mr Fitzpatrick said that Goodman International was not giving him the information required to make a full report on the financial position.

Banks have been refusing to grant £30m of emergency working capital to Goodman International until these other assets, which include Mr Goodman's 18 per cent stake in Berisford International, the property, sugar and commodities group, are brought under the Examiner's control.

The four banks in yesterday's action said they had lent money to cover operating costs but had later discovered that the funds had been diverted to various companies for share dealing and other purposes. They added that they had lost trust in the company.

The Court said that it had no power to allow the Examiner access to assets not directly related to Goodman International. The Court also turned down a request that the Examiner be given powers to regulate Goodman International.

While the agreement in Court only covered additional Irish registered companies con-

trolled by Mr Goodman, it is understood that Goodman International has given private assurances that various other assets, including the Berisford stake, will now fall under the Examiner's control.

At a meeting on Monday the Examiner will again ask the banks for £30m to cover Goodman's present working capital needs. He has estimated that would be enough to cover the autumn slaughtering season.

Yesterday's Court proceedings showed that while the banks realise it is in their interests to keep Goodman International running in the hope of recovering some of their loans, they are becoming increasingly frustrated at what is seen as the lack of co-operation.

In a separate development, brokers acting on behalf of Food Industries, the publicly-quoted company 68 per cent owned by Goodman International, said yesterday they had received approaches from a number of unnamed potential buyers. However, the news was treated cautiously by analysts. Similar statements had been made two weeks ago but as yet no buyers had come forward.



Larry Goodman: separately controlled 50 companies

Two of Thursday's worst hit companies explain their current trading

Firms in Brent Walker dispute meet on Monday

By David Churchill, Leisure Industries Correspondent

REPRESENTATIVES from accountancy firms Touche Ross and Coopers are starting talks on Monday in a bid to settle the dispute between Brent Walker and Grand Metropolitans over compensation claimed for losses than expected profits from the William Hill bookmaking group sold to Brent Walker last year.

Mr George Walker, chairman of Brent Walker, said last night that he was pleased that negotiations were starting. "I don't know how long they will take but I hope they move as fast as possible," he added.

Mr Walker was talking after a day in which his company's share price had fallen sharply. The shares, down by more than 60p at one stage, rallied in later trading to close 15p down on the day at 120p.

Yesterday's drop in the share price which has fallen steadily for several weeks, was reportedly sparked off by a mistaken news agency report concerning the financial dispute between Brent Walker and GrandMet.

Brent Walker is seeking compensation from GrandMet up to £160m for lower than expected profits from the William Hill betting shop chain in which Brent Walker has a substantial investment.

The severity of the fall in Brent Walker's share price yesterday led the company to

See Lex

Cookson reassurance is offset by Tioxide warning

By David Owen

COOKSON GROUP, the debt-laden industrial materials company, yesterday sought to reassure investors alarmed by the recent sharp fall in its share price, but warned of more possible difficulties at Tioxide, its 50/50 titanium dioxide joint venture with ICI.

The group said that it had been advised of "further pressures on the anticipated profitability of Tioxide" for the current year. Tioxide was "actively reviewing appropriate steps in the light of the current trading environment", it said.

Cookson's shares rebounded 23p to 77p yesterday, recovering much of the ground lost in Thursday's 40 per cent decline. Last September, on the eve of the company's 1989 interim, it had stood at 276.5p. Just over two weeks ago, Cookson reported that pre-tax profits for the six months to June 30 had fallen 26 per cent to 271.4m.

In its statement, the company reiterated its belief that the "severity" of the recent share price fall was without justification.

Cookson wish to emphasize that all divisions of the group, including Tioxide, continue to trade profitably and that group operating profit remains well

in excess of interest charges."

Commenting two weeks ago on Tioxide's position, Mr Michael Henderson, Cookson chairman and chief executive, expressed concern that adverse currency fluctuations over recent months were putting European titanium dioxide selling prices under pressure.

This has coincided with a period of soft demand, which was instrumental in reducing first-half trading profits at Tioxide by 5 per cent from the previous year.

The longer-term outlook, meanwhile, has been clouded by the prospect of new capacity which is due to come onstream in 1991. Tioxide itself has commissioned a new 50,000 tonnes a year facility in Malaysia. The plant "is going into a part of the world where there is still a shortage," explained Mr Henderson earlier this month.

Cookson's £550m debt was taken on to finance its expansion into areas such as ceramics and plastics, where it sees its future. The group, which was formerly known as Lead Industries, is considering selling some of its metals businesses as part of a restructuring to pay the debt down.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres -	Total for	Total
			ponding	year	last year
Bellenden	£1m	nil	2.65	nil	3.75
Breedon	Int	Oct 26	2.65	nil	3.75
Dirico Noel	Int	Dec 31	0.35	-	0.05
Forrest & Mason	Int	5	-	6	33
Haden MacLellan	Int	31	Nov 19	2.5	7
Liberty	Int	0.4	Nov 9	0.35	1.08
Oliver Group	Int	1.07	-	1	5.95
Tioxide	Int	nil	2.5	-	5.5

Dividends shown per share not except where otherwise stated. *Dividends after allowing for scrip issue. 10m capital increased by rights and/or acquisition issues. 20m stock.

Haden MacLellan advances 56% to near £10m

By Jane Fuller

HADEN MacLellan Holdings emerged from the gloom surrounding small, UK engineering-related companies to post a pre-tax profit rise of 56 per cent for the first half of the year.

The taxable figure improved to £9.52m (£8.31m) on turnover up by a third to £169.41m (£127.7m). Because of share issues associated with acquisitions, earnings per share showed a more modest rise of 28 per cent to 8.3p (5.5p).

An increase of nearly 2.5m in operating profit was shown by the distribution division, which contributed £3.95m (£2.5m). More than half of the advance came from the acquisition, including Mills Markets.

ing which sells Japanese and West German machine tools in the UK.

Mr Philip Ling, chairman, said that among the established businesses, Industrial Fasteners and Spaldings, an agricultural products business, turned in strong performances.

In the manufacturing division, however, profit fell to £3.11m (£2.73m). The main setback came at a US subsidiary called Brown Products, a supplier of packaging to the furniture industry. Mr Ling said cuts in the number of branches had stemmed the decline.

Nearly half the business lies in the automated manufacturing systems division, notably

the Haden subsidiaries supplying paint spraying plant to the automotive and aerospace industries.

While profit in Europe slipped to £3.56m (£3.26m), the US side showed a £2.57m turnaround, recording an operating profit of £1.77m.

Mr Ling said increased activity in both regions would bear fruit in the second half.

The group has developed a process called Drypure which converts waste paint sludge into a powder which can be recycled, so avoiding dumping in the ground. Mr Ling admitted that demand had been slower to come through than the group had hoped because of delays in translating environmental concern into regulation.

Mr Mel Hawley, managing director, said that after a couple of years of heavy dependence on the UK for profit, the breakdown was now 50 per cent US, 35 per cent US and 15 per cent continental Europe.

After the disposal of eight small companies, for an initial £2.25m, group debt would be reduced to £10m, gearing of 20 per cent.

The group's chairman, Mr Ling, said that the new management had been able to bring the business back to profit, despite the loss of 100 jobs.

The interim dividend goes up to 3p (2.5p).

COMMENT

HMH has done well both to limit the impact of tougher UK conditions and to revive its US

activities, which were hit by an investment vacuum in the automotive industry. Building up sales to the US aerospace market looks secure and there are further Japanese transplants to look forward to. The concerns are about the effects of further deterioration among its UK customers and about the length of time it is taking for Drypure to convert its promise into contributions.

The house broker is forecasting a full-year pre-tax profit of £2.25m, giving a prospective p/e of 6.7 on yesterday's closing price of 12.5p, which looks attractive.

Bellwinch plunges deeper into the red

THE DECLINE in the fortunes of housebuilders in general, and of Bellwinch in particular, has continued with the announcement that the south of England-based company has plunged deeper into the red.

Having fallen into pre-tax losses of £1.25m (profits £1.25m) at the interim stage, Bellwinch has plummeted further to a taxable deficit of £4.85m in the full year to June 30. In the corresponding 12 months, the company reported pre-tax profits of £2.22m. The directors are proposing to pass the final having passed the interim payment (£1.1p).

Exceptional items, relating to provisions against land assets on an ongoing basis, played their part in the severity of the decline, deducting £2.5m (nil) from operating profits, which fell from £4.93m to £2.25m.

Mr Raymond Davies, chief executive, said that the results reflected "the extremely difficult trading conditions during the past year".

Turnover was down at £27.45m (£25.34m). This figure includes £7.24m (nil) from an associated company. After a tax credit of £494,000 (charge £1.1m) and extraordinary debts of £151,000 relating to abortive merger talks and termination costs, shareholders' funds were reduced by £1.1m to £15.1m.

Fully diluted losses per share worked through at 13.3p (earnings 6.3p).

Birmingham Midshires Building Society

£150,000,000

Floating Rate Notes Due 1998

Interest Rate: 15 1/4% per annum

Interest Period: 21 September, 1990 to 21 September, 1990

Interest Amount per £5,000 Note due 21.12.90: £187.77

Interest Amount per £500,000 Note due 21.12.90: £187,745

Agent Bank: Baring Brothers & Co, Limited

European Assets Trust N.V.

The net asset value at 31st August 1990 DFL 8.34

Rosehaugh incurs £17m deficit in £35m sale

By John Thornhill

ROSEHAUGH, the hard-pressed property developer, has sold Rosehaugh Heritage, a subsidiary company with a wide portfolio of properties, to Kingfisher, the retailing group, for £23m in cash.

The cost of the properties to Rosehaugh was about £31m. This means the company will realise a loss of £16.5m, although it will no longer have to spend a further £13m needed for development costs and interest payments.

The sale represents another step in Rosehaugh's strategy of reducing its development commitments and borrowings. Since February, Rosehaugh has disposed of property worth more than £120m in an attempt to stave off liquidity problems.

The disposal may also help to relieve the company from the battering it has received on the stock market this week. Mr Graham Johnson, a Rosehaugh director, said: "We obviously regard this as a good deal. I hope the market reacts favourably, although it is difficult to know what this market will do because of the general state of nervousness."

On Thursday Rosehaugh's shares fell 38p to 73p on rumours – later denied – that Olympia & York Developments, a 3.5 per cent shareholder, was selling a stake in its US property portfolio to help fund the Canary Wharf development.

Yesterday, the shares slipped a further 3p to 69p, before the announcement.

Mr Godfrey Bradman, Rosehaugh's chairman, said the company had sold the properties "to bring in substantial cash with certainty and earlier than would otherwise have

Management team is included in list of bidders for Exco

By David Owen

PRELIMINARY OFFERS for Exco, one of the world's largest moneybrokers, have been received from a number of UK and overseas bidders by SG Warburg, the merchant bank.

Warburg is handling the sale for the administrators of British & Commonwealth Holdings, Exco's parent which collapsed in June. The deadline for offers was yesterday.

The cost of the properties to Exco was about £25m. This means the company will realise a loss of £16.5m, although it will no longer have to spend a further £13m needed for development costs and interest payments.

The sale represents another step in Exco's strategy of reducing its development commitments and borrowings. Since February, Exco has disposed of property worth more than £120m in an attempt to stave off liquidity problems.

The disposal may also help to relieve the company from the battering it has received on the stock market this week. Mr Graham Johnson, a Rosehaugh director, said: "We obviously regard this as a good deal. I hope the market reacts favourably, although it is difficult to know what this market will do because of the general state of nervousness."

On Thursday Rosehaugh's shares fell 38p to 73p on rumours – later denied – that Olympia & York Developments, a 3.5 per cent shareholder, was selling a stake in its US property portfolio to help fund the Canary Wharf development.

Yesterday, the shares slipped a further 3p to 69p, before the announcement.

Mr Godfrey Bradman, Rosehaugh's chairman, said the company had sold the properties "to bring in substantial cash with certainty and earlier than would otherwise have

been envisaged, however, that the disposal would "comprise a sale of the share capital" of the company.

In addition to the core moneybroking business, Exco is a leading government securities inter-dealer broker in the UK, US and Canada.

Trading is through 81 per cent-owned Cooke, Lissack, Lott & Kissack in the UK, 55 per cent-owned RMJ Securities in the US and 52 per cent-owned Shoreac in Canada. It also owns 88 per cent of LM (Moneybrokers), one of the UK's largest dealers of gilt-edged stock.

In its statement, the administrators said that Exco had experienced "less active moneybroking markets overall" in 1988, together with "continuing pressure for volume discounts". The inter-dealer broking and stock-lending businesses had experienced "quiet markets since April" after a strong first quarter.

In its unadopted draft recon-

<p

**ECONOMIC DIARY**

TODAY: G7 finance ministers and central bank chiefs meet in Washington. European Community environment ministers meeting in Rome. Warsaw Pact's disarmament commission meets.

TOMORROW: Conference on Mediterranean security and co-operation in Palma de Majorca (until October 19). Mr F.W. de Klerk, South African president, visits Washington.

MONDAY: Food facts (second quarter), CBI monthly trends enquiry (September), Balance of payments current and overseas trade figures (August), ACP/European Commission joint assembly meeting in Luxembourg. European Commission agriculture ministers meet in Brussels.

TUESDAY: Building societies monthly figures (August), US GNP (second quarter final), corporate profits (second quarter), Annual meetings of the IMF and World Bank in Washington (until September 27). Conference on the new Germany in Paris. Mr François Mitterrand, French president, Mr Jacques Delors, European Community president, and Mr Yakovlev, Soviet justice minister, expected to attend. Mr Gianni De Michelis, Italian foreign minister, and other European Community colleagues meet Mr James Baker, US secretary for state, Mr Eduard Shevardnadze, Soviet foreign minister, Gulf Co-operation Council foreign ministers and Mr Taro Nakayama, Japanese foreign minister. Sir Jack Lyons to be sentenced on Guinness case charges.

WEDNESDAY: Cyclical indicators for the UK economy (August), US durable goods (August); personal income (August).

THURSDAY: Energy trends (July), New vehicle registrations (August), New earnings survey 1990, part A summary analyses and description of the survey, US import/export prices (August).

FRIDAY: Capital expenditure and stockbuilding (second quarter-revised). Personal income, expenditure and saving (second quarter), Industrial and commercial companies (second quarter). US index of leading indicators for August. Italian cabinet meets to approve budget spending, cuts and new taxes. Nato exercise begins

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Friday September 21 1990										Highs and Lows Index							
	Index No.	Day's Change %	Est. Earnings	Gen. Div.	Est. P/E	rd adj. to date	Index No.	Index No.	Index No.	Index No.	Year ago (approx.)	High	1990	Low	Since	Computation		
1) CAPITAL GOODS (195)	649.07	+1.0	16.76	0.00	7.51	25.75	645.45	687.55	699.03	690.00	4 fl.	652.15	20/9	1038.07	15/7	1037.87		
2) Building Materials (26)	826.41	+1.7	18.27	7.23	6.75	33.65	812.99	844.46	845.25	836.43	11/8.21	822.29	20/9	1381.08	15/7	1381.08		
3) Contracting, Construction (36)	1020.20	+1.6	15.38	7.82	6.02	104.29	1004.29	1062.49	1056.59	1021.44	4 fl.	1004.29	20/9	1951.50	15/7	1951.50		
4) Electricals (10)	1828.08	-0.2	15.38	7.30	7.95	64.89	1831.99	1891.31	1878.78	1901.35	2751.15	4 fl.	1828.08	21/9	3004.80	8 fl.	3004.80	
5) Electronics (27)	1513.08	-0.4	17.05	5.32	12.53	55.67	1522.48	1534.00	1531.08	1528.04	2047.42	20/9	1513.08	21/9	2308.22	19/5	2308.22	
6) Engineering-Aerospace (9)	409.54	+1.7	16.43	5.88	7.31	20.79	402.60	414.30	412.74	0.00	302.42	13/6	402.60	20/9	364.47	20/9	364.47	
7) Engineering-General (46)	268.54	+1.6	16.37	7.34	14.87	36.47	265.95	265.45	265.10	265.10	21/7.22	21/7	265.45	20/9	285.47	20/9	285.47	
8) Metals and Metal Forming (10)	268.14	+1.6	16.37	5.59	6.25	10.45	265.14	265.45	265.10	265.10	21/7.22	21/7	265.45	20/9	285.47	20/9	285.47	
9) Motors (13)	243.91	-0.5	20.34	8.95	5.72	11.91	245.36	261.07	262.45	267.45	203.00	4 fl.	263.91	21/9	411.42	15/0	410.07	
10) Other Industrial Materials (23)	1127.90	+2.1	15.26	7.25	7.57	40.92	1105.26	1159.10	1176.07	1177.21	1774.44	11/5.20	20/9	1881.53	10/8	1881.53		
11) CONSUMER GROUP (178)	1357.12	+0.2	10.92	4.54	13.11	11.36	13.59	1162.77	1161.67	1162.74	1162.74	3 fl.	1134.59	21/9	1427.79	4 fl.	1427.79	
12) Brewers and Distillers (22)	1388.47	-0.2	11.32	4.25	10.70	30.61	1389.74	1419.05	1425.49	1510.42	1650.55	20/7	1364.31	6 fl.	1650.55	20/7	1650.55	
13) Food Manufacturers (20)	977.00	-0.2	11.95	5.00	12.00	24.47	978.78	997.28	994.95	991.99	1184.41	11/1.20	972.88	20/9	1181.62	11/1.20	1181.62	
14) Building (165)	121.12	+0.3	15.50	3.69	12.12	45.88	122.65	122.65	122.65	122.65	2047.14	21/7	121.12	20/9	122.65	21/7	122.65	
15) Health and Household (63)	229.24	+0.2	13.39	5.59	6.25	12.00	228.50	231.30	231.30	231.30	2117.22	21/7	229.24	20/9	231.30	21/7	231.30	
16) Leisure (32)	1117.99	-0.2	13.39	5.59	6.25	11.91	1116.23	1103.01	1103.01	1103.01	1117.99	21/7	1104.57	21/7	1104.57	21/7	1104.57	
17) Packaging & Paper (12)	482.68	+0.1	13.34	7.21	8.24	20.57	481.79	485.44	485.44	485.44	485.44	17/7	481.79	20/9	739.48	14/7	739.48	
18) Publishing & Printing (16)	2915.27	-1.2	12.48	6.44	10.05	117.68	2940.70	3016.95	3025.43	3033.61	2915.27	21/9	3076.55	15/7	3076.55	15/7	3076.55	
19) Stores (33)	728.45	-1.2	12.23	5.20	10.43	17.19	734.50	745.62	747.49	747.49	690.45	21/9	740.45	21/9	994.52	21/9	994.52	
20) Textiles (11)	394.15	-1.0	15.29	9.15	8.24	10.92	396.15	405.47	405.47	405.47	394.15	21/9	403.92	21/9	1126.32	11/2	1126.32	
21) OTHER GROUPS (107)	951.33	+0.2	13.39	6.38	9.84	30.13	949.24	970.51	970.51	970.51	970.51	12/7.30	12/7.30	12/7.30	12/7.30	12/7.30	12/7.30	
22) Chemicals (24)	490.40	+1.1	13.39	6.38	9.84	12.54	490.30	497.44	497.44	497.44	497.44	12/7.30	12/7.30	12/7.30	12/7.30	12/7.30	12/7.30	
23) Conglomerates (15)	1256.04	+1.4	12.42	8.77	9.05	34.46	1257.74	1279.47	1279.47	1279.47	1272.21	14/6	1259.16	14/6	1259.16	14/6	1259.16	
24) Transport (13)	1819.28	+0.2	13.34	5.81	9.50	50.28	1818.15	1867.54	1865.59	1865.59	1865.59	21/7	1818.67	20/9	2554.65	12/7	2554.65	
25) Telephones (12)	1056.09	-0.7	12.47	5.33	10.27	26.09	1056.02	1076.03	1076.03	1076.03	1076.03	12/19.20	12/19.20	12/19.20	12/19.20	12/19.20	12/19.20	
26) Water (10)	1946.34	-0.5	15.84	6.96	7.10	68.12	1941.79	1961.79	1961.79	1961.79	1975.17	21/9	1975.17	21/9	2074.06	11/7	2074.06	
27) Miscellaneous (27)	1467.09	-0.2	14.33	6.18	7.46	11.43	9.85	243.00	246.53	265.00	266.25	305.99	4 fl.	237.42	21/9	603.49	16/7	603.49
28) INDUSTRIAL GROUP (480)	966.10	-0.2	12.97	5.62	9.44	28.08	965.10	988.22	989.22	989.22	989.22	12/2.32	12/2.32	12/2.32	12/2.32	12/2.32	12/2.32	
29) Oil & Gas (20)	2599.67	-0.5	10.15	5.07	12.89	72.15	2577.43	2601.29	2601.29	2601.29	2580.70	3 fl.	2511.34	30/4	2528.70	3 fl.	2528.70	
30) S&P 500 SHARE INDEX (500)	1108.83	-0.3	12.49	5.62	8.29	31.65	1108.15	1101.39	1108.48	1108.48	1108.48	12/2.32	12/2.32	12/2.32	12/2.32	12/2.32	12/2.32	
31) FT-SE 100 SHARE INDEX (678)	977.59	-0.1	9.57	5.76	30.76	976.33	1000.73	1001.50	1022.26	1226.83	3 fl.	976.33	20/9	1228.57	14/7	1228.57	14/7	1228.57
32) FT-SE 100 SHARE INDEX (678)	2025.5	-0.6	2025.5	1979.5	2016.9	2045.8</												

INTERNATIONAL COMPANIES AND FINANCE

Hongkong Bank defends plan to expand beyond Asia

By Angus Foster in Hong Kong

MR JOHN GRAY, deputy chairman of the Hongkong and Shanghai Banking Corporation, yesterday defended the bank's management of its overseas businesses and its decision to expand outside Asia.

He said losses among overseas subsidiaries were due to market conditions rather than a style of management. He said the bank had been forced to invest outside the region to bring stability to its earnings.

Mr Gray made the remarks during a speech to investment analysts. The comments were seen as an official response to criticism of Hongkong Bank since it announced last month a 20.7 per cent fall in half-year profits, the first such decline for 23 years.

The bank has since been criticised for publishing the fall in profits. There have also been questions about its international expansion, including its relationship with Midland Bank, the UK clearer, in which it holds a 14.9 per cent stake and with which it is discussing a closer relationship.

Under Hong Kong's banking laws, banks are allowed to keep "inner" or "secret" reserves. By transferring prof-



John Gray: bank moving toward greater disclosure

its to reserves in good years, and withdrawing from reserves in bad years, banks can smooth out their published profit growth.

However Mr Gray said the bank decided not to "manipulate" published profit. "The published profit was therefore a good reflection of the trend in real profit," he said.

The decision was part of the bank's move towards greater disclosure of information. The size of Hongkong Bank's secret

reserves, a source of much speculation in the colony, is estimated at anywhere between HK\$10bn (US\$1.36bn) and HK\$30bn.

Hongkong Bank's overseas expansion has been criticised following losses at Marine Midland, the bank's US subsidiary, Hongkong Bank of Australia, and James Capel, the stockbroker. So far this year Hongkong Bank has made provisions of US\$300m to cover doubtful real estate loans at the loss-making Marine Midland, while Hongkong Bank of Australia is not expected to return to profitability this year.

Mr Gray said, however, that the losses should be seen against a downturn in the banking industries of established economies. He said cuts were being made in the US and Australian businesses.

Hongkong Bank's preference in avoiding interference with the management of subsidiaries has worked well with Hang Seng Bank in Hong Kong and Hongkong Bank of Canada, he said. He doubted whether more control from Hong Kong could have avoided Marine Midland's real estate problems.

Laus raise Chinese Estates stake

By Angus Foster

HONG KONG's controversial Lau brothers have tightened their grip on Chinese Estates in the face of a hostile HK\$8.52bn (US\$1.1bn) takeover bid from Taiwanese businessman Mr Hwang Chou-shun.

Mr Joseph Lau and his brother Thomas now control 82 per cent of Chinese Estates through their main holding company Evergo International. That means Evergo has bought about 4 per cent of Chinese Estates in the open market to take its holding past 50 per cent.

Unless the Lays decide to sell, Mr Hwang's controversial bid looks certain to fail, even if he risks buying and converting

all outstanding Chinese Estates' warrants.

The Lays said they had topped up their stake as four of their companies reported mixed interim results.

Mr Joseph Lau, chairman of Evergo and owner of 48 per cent of the company, said he would make a formal response to the offer next week. So far, Mr Lau and his brother have shown no interest in selling their companies.

Nevertheless, Mr Hwang has made his first move since launching the bid last month. He has bought 3m Evergo shares - equal to less than 1 per cent of the company - in the open market to take his stake to over 5 per cent.

Chinese Estates, owner of the group's main property assets, said shareholders' profits jumped nearly threefold to HK\$146.4m against HK\$55.2m

in the previous period. Construction company Paul Y reported a HK\$47.1m profit compared with a HK\$19.5m loss last time.

Mr Joseph Lau, chairman of Evergo and owner of 48 per cent of the company, said he would make a formal response to the offer next week. So far, Mr Lau and his brother have shown no interest in selling their companies.

Evergo's profits attributable to shareholders fell to HK\$146.4m in the six months to the end of June, compared with HK\$34.4m last time.

Chinese Estates, owner of the group's main property assets, said shareholders' profits jumped nearly threefold to HK\$146.4m against HK\$55.2m

Sale of investments lifts BHP by 59%

By Kenneth Gooding, Mining Correspondent

ABNORMAL PROFITS from the sale of investments - including a substantial stake in Woodside Petroleum - lifted quarterly attributable profits of Broken Hill Proprietary, Australia's largest industrial group, by more than 50 per cent, from A\$27.7m to a record A\$43.5m (US\$38.8m).

Earnings per share in the quarter to August 31 of 20.1 cents, compared with 12.5 cents, would have been 21.4

cents but for the abnormal profit of A\$136.3m, including A\$114m on the sale of the Woodside share.

Sales and other revenue rose by 25 per cent in the quarter, to A\$4.3bn, from A\$3.4bn, principally as a result of the A\$250m received from the sale of Woodside. Other factors were improved prices and volumes for petrochemicals and for some minerals, particularly iron ore.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

In BHP's various segments, there was a jump from A\$2.3m to A\$23.1m in the operating profit of the petroleum business; operating profit of the minerals segment was virtually unchanged at A\$131.5m against A\$131.5m; while steel contributed A\$114.8m, down from A\$145.6m.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

Sale of investments lifts BHP by 59%

By Kenneth Gooding, Mining Correspondent

ABNORMAL PROFITS from the sale of investments - including a substantial stake in Woodside Petroleum -

lifted quarterly attributable profits of Broken Hill Proprietary, Australia's largest industrial group, by more than 50 per cent, from A\$27.7m to a record A\$43.5m (US\$38.8m).

Earnings per share in the quarter to August 31 of 20.1 cents, compared with 12.5 cents, would have been 21.4

cents but for the abnormal profit of A\$136.3m, including A\$114m on the sale of the Woodside share.

Sales and other revenue rose by 25 per cent in the quarter, to A\$4.3bn, from A\$3.4bn, principally as a result of the A\$250m received from the sale of Woodside. Other factors were improved prices and volumes for petrochemicals and for some minerals, particularly iron ore.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

In BHP's various segments, there was a jump from A\$2.3m to A\$23.1m in the operating profit of the petroleum business; operating profit of the minerals segment was virtually unchanged at A\$131.5m against A\$131.5m; while steel contributed A\$114.8m, down from A\$145.6m.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

The half-yearly dividend payment is to be lifted by 11.4 per cent to 19.5 cents a share from 17.5 cents.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sharp decline hits sterling

STERLING fell sharply yesterday on continuing concern over the timing of its entry into the European exchange rate mechanism and forced concerted intervention by three central banks.

The trigger for the decline was a newspaper report which suggested that Mrs Margaret Thatcher, the UK Prime Minister, doubted whether the sterling would be able to join the ERM before the year end.

Sterling declined in heavy selling eventually closing 2.35 cents lower against the dollar at \$1.8456 and 4.25 pence down at DM2.9152.

The Bank of England, the Federal Reserve and the Bundesbank all stepped into the market to buy sterling and this helped the pound close above its worst levels.

Further support was provided by Mr John Major, the Chancellor, who said that both he and the Prime Minister had made it clear that it was our policy to enter the ERM at

the earliest sensible date.

Many analysts were surprised at the size of sterling's fall and believed UK high interest rates would prevent it from falling much further. "Going short of sterling at these levels is still very expensive," said Mr John O'Sullivan of Barclays Bank.

However, Mr David Simmonds, currency analyst at Midland Montagu, said there was also a growing concern that the threat of a recession may persuade the government to let sterling enter the ERM at DM2.90.

The Italian lira was easier but above the lows struck during the middle of the week when it moved to the bottom of the European Monetary System grid.

A weakening in very short-term rates accounted for the lira's easier tone, with short-term money at around 10% per cent compared with 12 during the previous session.

The D-Mark closed at DM745.45 compared with DM744.50, but below its earlier high of DM749.

The US dollar showed little movement and was trapped in a narrow range as attention focused on sterling. The dollar closed slightly lower as some of the strength based on speculation over tighter US monetary policy began to wane.

The dollar closed lower at DM1.5775 from DM1.5805; at Y136.50 from Y136.80; and at FFr1.5280 from FFr1.5275.

It was up at SF1.3215 from SF1.3200. The dollar's index closed unchanged at 82.9.

The Italian lira was easier but above the lows struck during the middle of the week when it moved to the bottom of the European Monetary System grid.

Sterling finished weaker at Y255.50 from Y255.50; at SF1.4275 from SF1.4275; and at FFr1.7450 from FFr1.7450.

The Bank of England's sterling index closed 1.1 points lower at

C IN NEW YORK

Sept. 21	Latest	Previous Close
5 Sept.	1.8465-1.8475	1.8725-1.8728
1 month	0.99-1.0050	1.02-1.0250
3 months	2.91-2.9750	2.98-2.9850
12 months	10.00-10.7000	10.10-10.1500

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Sept. 21	Latest	Previous Close
9.30 AM	92.1	92.7
10.00 AM	92.0	92.9
11.00 AM	93.0	93.7
1.00 PM	92.5	93.6
2.00 PM	92.4	93.6
3.00 PM	92.5	93.5

Commercial rates taken towards the end of London trading. 1 UK, Ireland and ECU are quoted in US currency.

Forward premiums and discounts apply to the US dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 21	Bank of England's	Marginal	Current	Change %
Sterling	92.5	-1.7		
US Dollar	62.9	-1.1		
Canadian Dollar	105.6	+1.1		
Belgian Franc	111.4	-3.3		
British Crown	112.4	-4.9		
Swiss Franc	117.7	-4.8		
Deutsche Mark	117.7	-1.1		
French Franc	117.7	-1.1		
Italian Lira	117.7	-1.1		
Austrian Schilling	117.7	-1.1		
DM/US	1.3110-1.3115	1.3130-1.3140		

Marginal: Security changes; average 1980-1982-1983. Bank of England's latest figures. 1980-1982-1983. "P" are for Sep. 20.

CURRENCY RATES

Sept. 21	Bank of England's	Special	European	American
Sept. 21	0.7425/07	0.7425/07		
US Dollar	1.5949	1.5954		
Australian \$	1.5789	1.5795		
Belgian Franc	111.4	111.4		
Canadian \$	105.6	105.6		
Deutsche Mark	117.7	117.7		
French Franc	117.7	117.7		
Italian Lira	117.7	117.7		
Swiss Franc	117.7	117.7		
UK Pounds	92.5	92.5		
US Pounds	1.3110-1.3115	1.3130-1.3140		

1 European Central Bank's calculations. All \$100 rates are for Sep. 20.

OTHER CURRENCIES

Sept. 21	£	Yen
Argentina	1079.00	1079.00
Australia	2.2340-2.2350	2.2350-2.2360
Brazil	122.90-123.00	123.00-123.10
Canada	1.5225-1.5235	1.5235-1.5245
France	121.30-121.40	121.40-121.50
Germany	121.30-121.40	121.40-121.50
Italy	11.10-11.15	11.15-11.20
Japan	1.0900-1.0910	1.0910-1.0920
UK	2.2010-2.2020	2.2020-2.2030
US	1.3110-1.3115	1.3115-1.3120

Commercial rates taken towards the end of London trading. 1 UK, Ireland and ECU are quoted in US currency.

FORWARD RATES AGAINST STERLING

Sept.	1 week	3 months	6 months	12 months
US Dollar	1.8452-1.8455	1.8462-1.8465	1.8470-1.8475	1.8475-1.8478
DM	2.1912-2.1915	2.1920-2.1925	2.1925-2.1928	2.1928-2.1931
French Fr.	2.4375-2.4378	2.4385-2.4388	2.4390-2.4393	2.4395-2.4398
Yen	2.4375-2.4378	2.4385-2.4388	2.4390-2.4393	2.4395-2.4398

Yen per 1,000; French Fr. per 100; Belgian Fr. per 100.

MONEY MARKETS

Firm UK rates

UK MONEY market rates were

firm yesterday as sterling con-

tinued to fall. The key three

month inter-bank rate was

unchanged at 14.4% per cent.

Senior money dealers said

the Bank of England had not

appeared to respond to ster-

ling's decline by tightening

market conditions. But if the

pound continued to squeeze

market rates above 15 per cent.

Six months' money was

quoted at 14.4% per cent,

unchanged on the previous

close, while twelve months was

also steady at 14.4%.

In the

short sterling market, short

closed higher on the day as

sterling moved off its lows.

December ended 5 points

higher at 14.5% per cent.

The Bank of England

purchased a total of £1.035bn

bills compared with its forecast

shortage of £1.25bn.

Money dealers said the market

had insufficient bills to meet

the Bank of England's require-

ments and the result

was to push very short rates

higher. Overnight money

peaked at 14.5% before

closing unchanged at 14.5% per

cent.

During the morning the

Bank purchased £262m of bills. This included £10m in bond 1 at 14% per cent; £28m Treasury bills in band 2 at 14% and £224m bank bills at 14%. Later in the morning it bought another £18m band 1 bank bills and £25m band 2 bills, at unchanged rates.

After lunch an additional £250m bills were purchased at unchanged rates. In band 1 it bought £87m Treasury bills and £27m of bank bills; and in band 2 a further £176m of bank bills. Finally late afternoon of around £210m was provided.

Among the factors contributing to the shortage were bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which drained £394m. Exchequer transactions absorbed a further £285m, while a rise in the note circulation accounted for a further £247m. However, this was partly offset by a £205m balance 250m above target.

In Frankfurt, cash money rates edged slightly higher to 7.95-8.05 per cent from 7.95-8.00 as heavy rate payments drained bank liquidity.

In New York the Federal Reserve, as expected, added \$1bn of liquidity using customer repurchase agreements. Federal Funds were unchanged at the time of intervention at 14.4% per cent, against 14.4% at the same time in the previous session.

LONDON STOCK EXCHANGE

Determined rally to end the account

London's equity market had another roller-coaster ride as the two-week trading account drew to a close. It opened marginally firmer, but then plunged below the 2,000 level on the Footsie, before staging a determined rally which left share prices higher on balance at the close of trading.

In the background to an erratic week in the equity market were widespread and growing fears of worldwide recession, a spate of poor company results and concern about a possible delay of UK entry into the European exchange rate mechanism.

It was speculation over ERM entry, coupled with increased

lasted only a matter of minutes as another wave of selling by investors increasingly disillusioned by the growing list of UK companies running into difficulties hit the market.

A near-parity bout of selling ensued, with traders cutting prices to try and stem a constant stream of selling orders. From an opening level of 2,023.5, up 6.6, the Footsie went into freefall and was showing 3.3 per cent. The recovery was sparked by a number of institutions picking up top-quality defensive stocks and it consolidated after an encouraging Wall Street.

Dealers were taken aback by both the extent of the decline, and by the recovery in the market. "Minutes before 10am it looked as if we were going down to 1,900, there wasn't a buyer in sight and there were some nasty rumours circulating.

Bottoming at 1,975.9 on the Footsie, the market then steadied before embarking on a sus-

tained and impressive recovery which saw the 100-share index accelerate back through 2,000 and close a net 8.6 higher at the day's highest point of 2,025.5. However, over the week the Footsie has fallen 6.3, or 3.2 per cent. The recovery was sparked by a number of institutions picking up top-quality defensive stocks and it consolidated after an encouraging Wall Street.

Dealers were taken aback by both the extent of the decline, and by the recovery in the market. "Minutes before 10am it looked as if we were going down to 1,900, there wasn't a buyer in sight and there were some nasty rumours circulating.

Bottoming at 1,975.9 on the Footsie, the market then steadied before embarking on a sus-

tained and impressive recovery which saw the 100-share index accelerate back through 2,000 and close a net 8.6 higher at the day's highest point of 2,025.5. However, over the week the Footsie has fallen 6.3, or 3.2 per cent. The recovery was sparked by a number of institutions picking up top-quality defensive stocks and it consolidated after an encouraging Wall Street.

Dealers were taken aback by both the extent of the decline, and by the recovery in the market. "Minutes before 10am it looked as if we were going down to 1,900, there wasn't a buyer in sight and there were some nasty rumours circulating.

Bottoming at 1,975.9 on the Footsie, the market then steadied before embarking on a sus-

Brent Walker volatile

Brent Walker fell sharply after one of its joint auditors said it was unable to continue to act for the company in the dispute with Grand Metropolitan, due to a conflict of interest. Brent Walker is seeking compensation for an alleged profits shortfall at William Hill and Mecca Bookmakers, which it bought from GrandMet last year.

The shares staged a partial recovery when Brent issued a statement "to reassure the market as to the financial conditions of the company." It said that the company's interim figures, which will be reported on September 27, would "show profits and earnings "materially in excess" of the comparable figures for 1989. Brent Walker had a profit of 230m in the first half of 1989.

Brent Walker plunged 60 at one point but ended that day 15 lower at 120p. Grand Metropolitan slipped 2 with the soft brewing sector to 532p after unexceptional business volume.

Cookson revives

Cookson traded in animated fashion and rebounded from a loss of 20p to 110p. The company emphasised "that all divisions of the group, including Tioxide, continue to trade profitably and that group operating profit remains well in excess of interest charges." The group did admit pressures on profitability at Tioxide.

The news failed to dampen yesterday's new-found buying enthusiasm. Business comprised both business in general demand and professional short-covering after Thursday's 40 per cent fall in the shares. Turnover finally reached 12m and the shares, after recovering strongly to 81p, closed 23 up on balance at 77p.

Mr David Ireland of Hoare Govett changed his stance to a buy. Cookson was a case of a depressed earnings outlook versus asset backing, said the researcher, who continued: "Don't miss the point that Tioxide is an undervalued asset in the balance sheet and worth a great deal of money."

Account	Deadline	Dates
First Deadline	Sept 24	Oct 8
Option Deadline	Oct 4	Oct 18
Last Deadline	Oct 21	Oct 18
Amendment Day	Oct 15	Oct 20
Next-day deadlines may take place from 8.30am two business days earlier.		

Next-day deadlines may take place from 8.30am two business days earlier.

Tension in the Middle East that undermined an early tentative rise in UK equities. Dealers marked blue chips higher at the outset in what was said to have been largely a technical rally after the near 50-point loss on the Footsie on Thursday.

The early firmness, however,

per cent (approximately 184m shares) stake in Premier, acquired by the securities house in August from Burnish Castrol at 95p a share, to a single buyer at 75p a share. Any sale at that price would have left Kleinwort carrying a near-£40m loss on the purchase and sale. Original attempts by Kleinwort to place the share stake at a small premium to the purchase price proved unsuccessful.

Kleinwort Benson declined to comment, as did Premier's managing director, Mr Charles Jamieson.

Bid for Caird

The second bid this week for a waste management company raised Caird Group stock 25 to the level offered by Severn Trent Water of 100p cash per share. Severn said the bid is conditional on Caird reconfirming its profit forecast of 23.5m for the eight-month period to December 31.

Caird shares plunged from 160p earlier this month after the company reported twelve-month profits well below market expectations. Mr Peter Lincane, the chairman, faced criticism from both domestic and US institutional investors, and the Stock Exchange conducted an inquiry into share dealing.

Edmund Bradley of Citicorp Investment Bank thought the offer was good value, bearing in mind Caird's recent fall from grace. The "carrying cost of money" argument is valid here, as is the potential for squabbling between the two companies over Caird's profit forecast for the next six months, said the researcher.

"Caird may well have a net

asset value of some 120p to 150p a share but the cost of realising those assets will be substantial and, on a two-year view, probably beyond Caird's resources," continued Dr Bradley.

Severn Trent bought stock of Caird yesterday and was believed to have increased its holding from 5 per cent to around 20 per cent. Severn shares ended 7 lower at 213p.

International stocks improved as sterling weakened. Glaxo climbed 23 to 739p ahead of Monday's ex-dividend date. BT, which had been hit in advance of this week's fall by disappointing figures, recovered as sterling weakened.

Glaxo's fall was 26 to 739p.

Standard Chartered bid again for a resilient week with rises of 5 to 54p and 24 to 353p. ICI added 15 at 834p. Unilever climbed 10 to 607p and the closing of bear positions in Reuters helped this volatile stock recover 26 to 76p.

Banks had a mixed day, with Standard Chartered bid again by fears that it was badly exposed to some companies identified by analysts as most vulnerable to a recession. It lost 19 to 362p on busy turnover of 3.4m shares. The was also heavy trade in Barclays and NatWest, where 7.8m and 10m respectively changed hands. The prices, however, edged ahead in line with the market. Barclays fell 4 to 164p, but Tilbury Group, also with interests due, lost 18 to 470p.

Building stocks continued to supply evidence of the squeeze caused by the slump in the construction industry and the high cost of servicing debt. Many of the mark-ups in leading stocks were on messages of reassurance rather than a

change in underlying sentiment. Bovis finished 8 higher at 101p as the stock reacted belatedly to Thursday's company statement which suggested there was nothing other than market conditions behind the recent decline. Tarmac, which reports interim figures next Tuesday, rose 7 to 164p, but Tilbury Group, also with interests due, lost 18 to 470p.

Thursday's announcement of 5 per cent fall in EMC Group interim profits brought a mixed reaction from leading analysts. Roche Govett suggested that the company's diversified sources of income - highlighted by its increased profits in Germany - made the shares undervalued at current levels. But BZW said that the strength of overseas operations will be insufficient to offset the severity of the UK downturn. BZW downgraded its profit forecast for the year by 211m to 220m. Nevertheless, the share price finished 13 higher at 494p.

Trafalgar House suffered, according to a sales specialist, from a split selling order and fell to 178p prior to closing 7 off on the day at 164p. Walsall also lost ground to 120p, down 8, although the company reported higher half-yearly profits on Tuesday.

Macarthy, under pressure all week on talk of a line of stock overhangs in the market, dipped to 1,250 before ending 6 easier on the session at 131p. Norcros continued to discount any cut in the dividend payment and settled at a low for the year of 77p, down 9, while sharply reduced first-half profits left USM-listed Ibex Holdings 12 lower at 38p.

Thorn EMI fell 6 to 579p after an announcement that its US subsidiary, Thorn EMI North America, had filed a

bankruptcy petition. The fall was 12 lower at 38p.

Thorn EMI fell 6 to 579p

after an announcement that its

US subsidiary, Thorn EMI

North America, had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the US subsidiary, which had filed a

bankruptcy petition.

It was said that Kleinwort

Benson had sold the near-28

shares in the

FT MANAGED FUNDS SERVICE

• Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-420-2121

AUTHORISED
UNIT TRUSTS

JULY 1990

AUGUST 1990

SEPTEMBER 1990

OCTOBER 1990

NOVEMBER 1990

DECEMBER 1990

JANUARY 1991

FEBRUARY 1991

MARCH 1991

APRIL 1991

MAY 1991

JUNE 1991

JULY 1991

AUGUST 1991

SEPTEMBER 1991

OCTOBER 1991

NOVEMBER 1991

DECEMBER 1991

JANUARY 1992

FEBRUARY 1992

MARCH 1992

APRIL 1992

MAY 1992

JUNE 1992

JULY 1992

AUGUST 1992

SEPTEMBER 1992

OCTOBER 1992

NOVEMBER 1992

DECEMBER 1992

JANUARY 1993

FEBRUARY 1993

MARCH 1993

APRIL 1993

MAY 1993

JUNE 1993

JULY 1993

AUGUST 1993

SEPTEMBER 1993

OCTOBER 1993

NOVEMBER 1993

DECEMBER 1993

JANUARY 1994

FEBRUARY 1994

MARCH 1994

APRIL 1994

MAY 1994

JUNE 1994

JULY 1994

AUGUST 1994

SEPTEMBER 1994

OCTOBER 1994

NOVEMBER 1994

DECEMBER 1994

JANUARY 1995

FEBRUARY 1995

MARCH 1995

APRIL 1995

MAY 1995

JUNE 1995

JULY 1995

AUGUST 1995

SEPTEMBER 1995

OCTOBER 1995

NOVEMBER 1995

DECEMBER 1995

JANUARY 1996

FEBRUARY 1996

MARCH 1996

APRIL 1996

MAY 1996

JUNE 1996

JULY 1996

AUGUST 1996

SEPTEMBER 1996

OCTOBER 1996

NOVEMBER 1996

DECEMBER 1996

JANUARY 1997

FEBRUARY 1997

MARCH 1997

APRIL 1997

MAY 1997

JUNE 1997

JULY 1997

AUGUST 1997

SEPTEMBER 1997

OCTOBER 1997

NOVEMBER 1997

DECEMBER 1997

JANUARY 1998

FEBRUARY 1998

MARCH 1998

APRIL 1998

MAY 1998

JUNE 1998

JULY 1998

AUGUST 1998

SEPTEMBER 1998

OCTOBER 1998

NOVEMBER 1998

DECEMBER 1998

JANUARY 1999

FEBRUARY 1999

MARCH 1999

APRIL 1999

MAY 1999

JUNE 1999

JULY 1999

AUGUST 1999

SEPTEMBER 1999

OCTOBER 1999

NOVEMBER 1999

DECEMBER 1999

JANUARY 2000

FEBRUARY 2000

MARCH 2000

APRIL 2000

MAY 2000

JUNE 2000

JULY 2000

AUGUST 2000

SEPTEMBER 2000

OCTOBER 2000

NOVEMBER 2000

DECEMBER 2000

JANUARY 2001

FEBRUARY 2001

MARCH 2001

APRIL 2001

MAY 2001

JUNE 2001

JULY 2001

AUGUST 2001

SEPTEMBER 2001

OCTOBER 2001

NOVEMBER 2001

DECEMBER 2001

JANUARY 2002

FEBRUARY 2002

MARCH 2002

APRIL 2002

MAY 2002

JUNE 2002

JULY 2002

AUGUST 2002

SEPTEMBER 2002

OCTOBER 2002

NOVEMBER 2002

DECEMBER 2002

JANUARY 2003

FEBRUARY 2003

MARCH 2003

APRIL 2003

MAY 2003

JUNE 2003

JULY 2003

AUGUST 2003

SEPTEMBER 2003

OCTOBER 2003

NOVEMBER 2003

DECEMBER 2003

JANUARY 2004

FEBRUARY 2004

MARCH 2004

APRIL 2004

MAY 2004

JUNE 2004

JULY 2004

AUGUST 2004

SEPTEMBER 2004

OCTOBER 2004

NOVEMBER 2004

DECEMBER 2004

JANUARY 2005

FEBRUARY 2005

MARCH 2005

APRIL 2005

MAY 2005

JUNE 2005

JULY 2005

AUGUST 2005

SEPTEMBER 2005

OCTOBER 2005

NOVEMBER 2005

DECEMBER 2005

JANUARY 2006

FEBRUARY 2006

MARCH 2006

APRIL 2006

MAY 2006

JUNE 2006

JULY 2006

AUGUST 2006

SEPTEMBER 2006

OCTOBER 2006

NOVEMBER 2006

DECEMBER 2006

JANUARY 2007

FEBRUARY 2007

MARCH 2007

APRIL 2007

MAY 2007

JUNE 2007

JULY 2007

AUGUST 2007

SEPTEMBER 2007

OCTOBER 2007

NOVEMBER 2007

DECEMBER 2007

FT MANAGED FUNDS SERVICE

Continued on next page

FT MANAGED FUNDS SERVICE

- Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-825-2126

JERSEY (ISB RECOGNISED)											
SaxaVille (Isle of Man) Ltd											
MTM De Manca International Limited											
All Funds that start except where indicated.											
Starting Bremecan International Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
Offshore Fund Ltd											
Offshore Fund Ltd											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											
SaxaVille (Isle of Man) Ltd											
HIC Offshore Fund											

WORLD STOCK MARKETS

AMERICA

Dow stabilises as traders adjust positions

Wall Street

AFTER its sharp drop on Thursday on concern about the outlook for the economy, the US equity market stabilised yesterday but showed no signs of recovering any of the ground lost, writes Janet Bush in New York.

At 1.30 pm, the Dow Jones Industrial Average was 3.42 lower at 2,509.90 on active volume of 125m shares. The Dow had fallen 39.11 on Thursday to 2,518.32.

The high volume by mid-session came mostly in a short burst early in the day as investors and traders adjusted positions for the expiry of September stock index futures and options. This activity was

mostly on the buy side, suggesting that the market would not be open for the expiry.

The broad market tended to show slightly larger losses than the Standard & Poor's 500 index on which futures contracts expired. For example, the Nasdaq Composite index of over-the-counter stocks was 1.67 lower at 362.76.

The stock market was again undermined by the continuing rally in crude oil prices. October futures were quoted about \$1.50 a barrel higher yesterday, trading at nearly \$35 a barrel as Iraq rejected any talk of ceasefire.

The equity market losses were still relatively contained, given the marked weakness in the Treasury bond market

where the benchmark long bond was quoted 4% point lower at mid-session to yield 9.11 per cent.

There was little else for the market to focus on yesterday. Among featured stocks was Primerica, which added 3% to \$20 after its board approved the repurchase of as many as 3m common shares.

Chase Manhattan Bank recouped 3% to \$14 after its sharp fall on Thursday on expectations that the bank would announce a provision of as much as \$1bn in loan loss reserves and substantial job cuts. Chase again denied rumours that it was in financial difficulties.

Among other leading commercial banks, J.P. Morgan, which became the first bank to

be authorised to underwrite equities on Thursday, still fell 3% to \$32 at mid-session. Citicorp dropped 3% to \$15.45, and Chemical Banking slipped 3% to 17.75.

Milton Roy jumped 3% to

28% after reaching a definitive merger agreement with Sundstrand, which is offering \$28 a share for the company.

Nichols Institute lost 3% to \$12.40 on the American Stock Exchange after the company said that its third-quarter earnings could be 10 per cent below analysts' highest estimates.

On the over-the-counter market, Octel Communications dropped 3% to \$11.11 after an analyst downgraded its investment rating on the stock. The stock is now trading at its lowest level for a year.

Among blue chips, IBM dropped 3% to \$107.4, General Electric gained 3% to \$55.5, Coca Cola dipped 3% to \$39.4 and Du Pont fell 3% to \$34.1.

Canada

TORONTO stocks were steady at lower levels, with investors sidelined during the expiry of stock options, and stock index futures and options.

The composite index lost 14.4 to 3,242.0 on volume of 15.5m shares. Declines led advances by 234 to 160.

Edper Enterprises bounced C\$3 to C\$12, Bramalea recovered C\$3 to C\$6.7 and Hees gained C\$3 to C\$18.6. The three companies had fallen sharply on Thursday on concerns about their debts.

Bond yield ratios pose problems for equities

Deborah Hargreaves sees a number of anomalies

A

STOCK markets plunged this week to new lows, traditional indicators of value in equities and government bonds have thrown up an anomaly. Ratios between the two, used by strategists to plot their investments, indicate that UK and US equities are cheap relative to bonds.

Japanese government bond yields have risen quickly from low levels to a current 8.57 per cent on the benchmark 10-year 119 bond.

Although the fall in the Nikkei index has been severe, it is not as large in percentage terms as for equities.

In America, bond markets could be the first to rally and, indeed, the US bond market could be the one which offers most value to investors over the next year.

Across the globe, government bond markets have probably been dealt a more prolonged blow by the crisis in the Gulf and the potential inflationary impact of higher oil prices than have equities. Corrections in world equity markets seem to be shorter, sharper shock affairs.

ZURICH fell to another low for the year in thin volume in spite of options-related buying. The Crédit Suisse index ended 10.24 to 512.1, down 4.2 per cent on the week.

VIENNA continued to plunge, reaching another year's low on the bourse index at 505.15, down 16.15 on the day and 11 per cent on the week.

OSLO declined in uncertain trading, with the all-share index losing 9.01 to 578.41.

MADRID reached another year's low in thin trade, with the general index falling 2.94 to 221.30 for a loss of 4.8 per cent on the week.

ISTANBUL fell 41.4 to 5,114.96 in thin turnover, up from TL20.0m. Vesta, a subsidiary of Polly Peck International, which was suspended in London on Thursday, fell TL500 to TL12,750.

SOUTH AFRICA

JOHANNESBURG steadied after a nervous week as a rise in bullion prices lent support.

The all-jill index slipped 5 to 1,493, a 4.5 per cent fall on the week, and the all-share index eased 4 to 2,717. De Beers rose 75 cents to R7.1.

cent drop in the Nikkei average this year. Government bonds are still offering a yield almost 10 times higher than equities, suggesting that stock prices still have some way to fall - or bonds a long way to recover.

Japanese government bond yields have risen quickly from low levels to a current 8.57 per cent on the benchmark 10-year 119 bond.

Although the fall in the Nikkei index has been severe, it is not as large in percentage terms as for equities.

The move towards stagflation and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so underweight in bonds' to see a significant amount of money flowing into the gilts market," believes Mr Guy Rigden, strategist at UBS Phillips & Drew.

However, he stresses that any movement in this direction is too recent to be called a trend.

The move towards stagflation

and a possible recession in

the equity market, UK fixed income investment has been low and getting much lower for virtually the last 10 years. "We only need fund managers to say 'we can't afford to be so under



FINANCIAL TIMES

Weekend September 22/September 23 1990



■ Allies claim Nadir is victim of smear campaign ■ Conspiracy allegations denied

Polly Peck fails to produce statement for Stock Exchange

By David Barchard and Clay Harris in London, Jim Boden in Ankara and Andreas Hadjipapas in Nicosia

THE BOARD of Polly Peck International shares of which were suspended after dropping sharply on Thursday, yesterday failed to produce the statement it had promised to the Stock Exchange.

By early yesterday evening, after the board had been meeting at the company's Berkeley Square headquarters for more than three hours without producing an announcement, the Stock Exchange said it did not expect one until Monday morning.

It was still open to the embattled fruit trading and consumer electronics group to make a statement later last night or over the weekend. However, Mr Dominic Henry, head of Polly Peck investor relations, had suggested earlier that any initial statement was likely to be "wishy-washy".

The board meeting, at which all directors were present, came a day after Mr Asil Nadir, Polly Peck's chairman and largest shareholder, was questioned for several hours by the Serious Fraud Office.

The interview followed a search on Wednesday night by

the SPO of the offices, elsewhere in Berkeley Square, of South Andley Management, a property company indirectly linked to Nadir family trusts. Polly Peck shares fell from 245p to 105p on Thursday before they were suspended.

News of Polly Peck's troubles, meanwhile, provoked rejoicing among Mr Nadir's enemies in Cyprus and Turkey, and angry allegations of a smear campaign from his friends. Greek Cypriots in general received the news with satisfaction, but there was no official comment from the Cyprus Government.

Greek Cypriot politicians and the press have long claimed that Mr Nadir's activities, especially his businesses in the Turkish-held north of the island, undermine the status of the internationally recognised Cyprus republic and its government.

The Cyprus Foreign Ministry set up a special department to follow Polly Peck's and Mr Nadir's operations but ministry sources scoffed at the Turkish allegation that Polly Peck's troubles were the result

of a Greek Cypriot conspiracy. Mr Nadir has close ties with Mr Rauf Denktash, the Turkish Cypriot leader. Some opposition newspapers and politicians have expressed concern that Mr Nadir's problems could endanger the north's economy, hitting exports of citrus fruit and clothing.

His links with the mainland political establishment were recently in evidence when Mr Kemal Eren, Turkey's former president and military ruler after the 1980 coup, attended the inauguration of a holiday village complex near Kyrenia on a visit to northern Cyprus — claimed by Greek Cypriot owners but now leased to Mr Nadir for 49 years at about \$38,500 (£27,100) a year.

In Istanbul, one banker

expressed fear that the fall in the value of Polly Peck's shares could affect bank loans to the group.

One industrialist said he believed other Istanbul industrialists were behind Mr Nadir's problems. "The big Turkish industrial groups were rely on import substitution

know that they could lose their



Asil Nadir: enemies in Cyprus and Turkey are rejoicing while his friends allege a smear campaign.

shares at 45p on Thursday. In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

Shares in Noble Remedies, the UK leisure group controlled by Mrs Bülge Nevzat, Mr Nadir's younger sister, recovered 6p to 45p. The company said Mrs Nevzat had bought 50,000

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

shares at 45p on Thursday.

In later editions yesterday, reference was made to a company which makes an unofficial US market in British shares, including those of Polly Peck International. It is Cresvale International, not Cresvale Securities, a London-based investment manager with which it has no connection.

Weekend FT

SECTION II

Weekend September 22/September 23 1990

IT IS probably just as well that the decaying RAF Vulcan bomber, parked by the side of the runway at Gibraltar's airport, was cut up for scrap since it had been pointing straight at Spain, a mere 200 metres away. The Vulcan's demise is a refreshing sign. Gibraltar is becoming less of a symbol of British military doggedness. In its place is emerging a tiny, uncertain, Mediterranean community, still incongruously bellicose, trying not to come to terms with the fact that colonies in Europe are out of place.

Traditions survive. "The smugglers'.

Certainly ab," says a helpful clerk at the hotel. "Just drive around to the other side and you'll see them playing with the Spanish." Sure enough, in broad daylight, two sleek launches move speedily towards Spain's beaches, before turning and skulking in safer waters. They are smuggling tobacco. In Gibraltar, this is exporting. The smugglers buy tobacco legally in Gibraltar, pay for export licences, load up and rush at the beaches of next-door La Linea where the load is picked up – sometimes by crowds who have, at times, prevented Spanish police from confiscating the booty.

This is regarded as good sport by some Gibraltarians. Living under the Rock – a towering thing more than 1,300 feet high – invites a feeling of invincibility. Just a stone's throw from Africa, it is adored by Gibraltarians, owned by Britain and coveted by Spain. The ruler of this 2½ square mile hump is Joe Bossano, a blunt trade unionist assumed by his subjects to hold Spaniards in particularly low regard. That is the way they like it.

For a man with the history of every post-imperial dispute in the world at his fingertips – Belize, East Timor, Goa – the Iraqi invasion of Kuwait could not have been more timely. Why won't he talk to the Spaniards? "You might as well ask Kuwait why they don't talk to Saddam Hussein," he says with a grin. "I don't want to take over Spain. They want to take over my country."

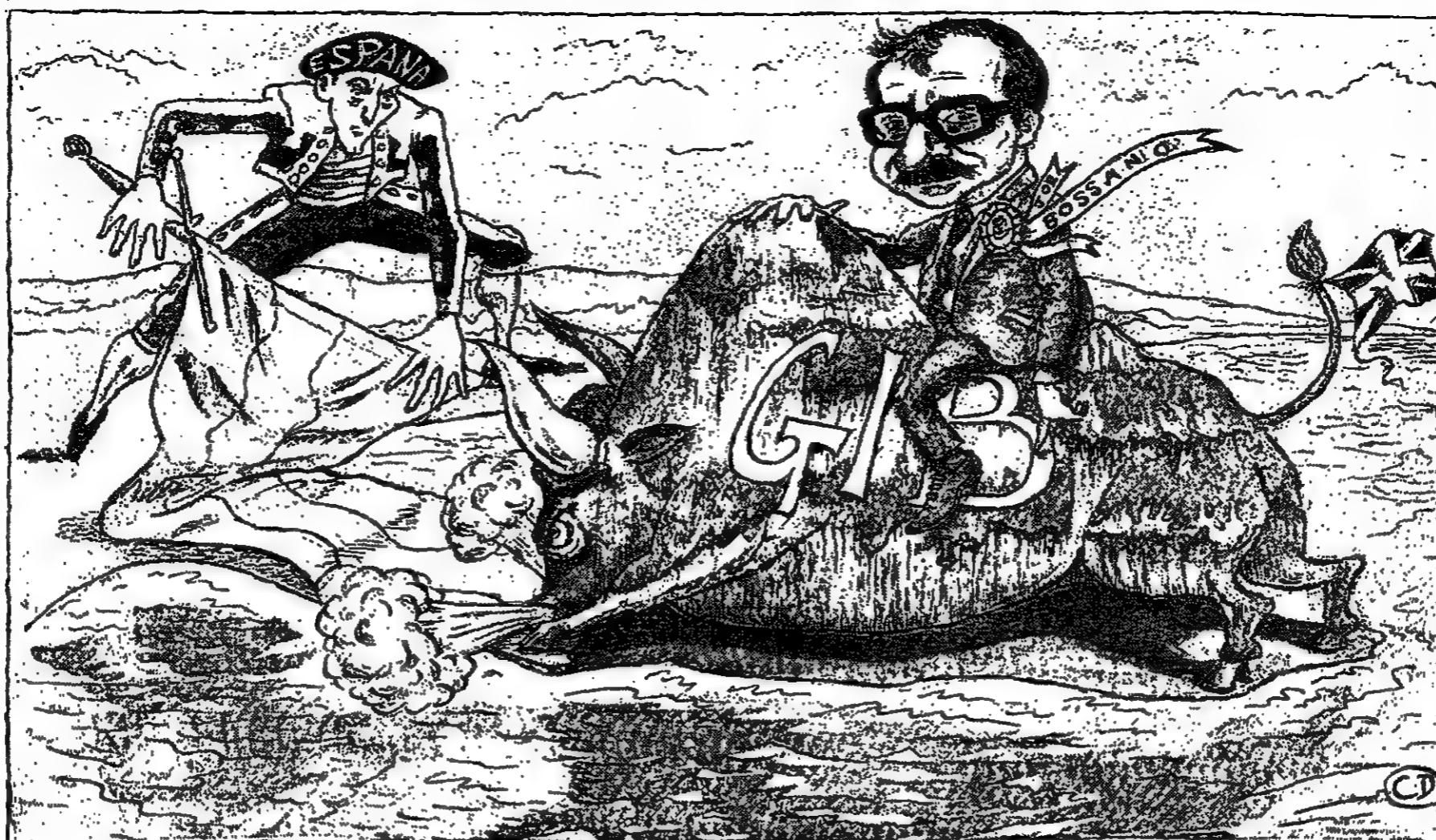
Elected Chief Minister in 1988, for his refusal to endorse a hard-fought agreement between Britain and Spain to use the airport at Gibraltar jointly, he has also infuriated his protectors. Under the guise of a general reduction of defence commitments, Britain is not going to replace an infantry battalion of the Royal Green Jackets when its Gibraltar tour ends in 1993.

British troops have been stationed in Gibraltar since Admiral Rooke took it in 1704. Britain had intervened on the side of the Habsburgs against the Bourbons during the War of the Spanish Succession. Under the Treaty of Utrecht in 1713, Gibraltar was placed under British rule on condition that, if sovereignty was to be transferred, Spain would have first refusal. Ever since, the Rock has bedevilled relations between Britain and Spain.

General Franco, Spain's dictator after the Spanish Civil War, let the issue lie dormant until the 1960s when, prodded on by the United Nations, he sent Dr Fernando Maria Castilla, his Foreign Minister, to London to discuss Spain's claims.

This was rebuffed and Spain began to tighten border controls. In 1967 Britain held a referendum on the Rock. Only 44 of 19,000 Gibraltarians voted – though not in quite so many words – for integration with Spain. In 1969 Britain drew up a Constitution for Gibraltar, promising never to transfer the sovereignty of "the people of Gibraltar" against their will. Franco then sealed the border completely.

A 16-year siege ensued. Its legacy still shows in the blind distrust Gibraltarians have of the Spanish. When Bossano says today that "no-one is going to convince a Gibraltarian of even considering a future



A colonial relic fights for its corner of Europe

Peter Bruce describes the difficulties caused by a community still fighting past battles

with Spain" you can believe that he is speaking the truth.

It is a sad, perhaps even foolish, truth. Gibraltarians admit that they are no longer particularly pro-British. Britain, for its part, is an increasingly remote guardian and the troops will make a huge dent in the colony's revenues. But Gibraltar can never be legally independent.

In November 1984, nearly five years after Britain and Spain agreed to reopen talks on Gibraltar, the Brussels Agreement established a basis for annual talks on co-operation – including the thorny sovereignty question. The border was reopened to traffic in 1985, thus returning Gibraltar to "normality" and opening the way for Spain to join the European Community.

Franco had died in 1975 and a vigorous democracy replaced him. The economy was beginning perhaps its four most glorious years of growth since the 16th century. The Spanish were clearly expecting a joyful response to this bright new reality.

It was not to happen. In 1987 Sir Joshua Hassan, Gibraltar's long-serving conserva-

tive chief minister, was about to agree terms between London and Madrid, under which both countries would use the RAF runway on the disputed sandy isthmus that joins the Rock to the mainland, when Bossano led mass protests against it, fearing that to co-operate could imply recognising Spanish claims. Bossano replaced Hassan a few months later.

After 15 years of siege, Bossano had little difficulty in convincing Gibraltarians that they could get along perfectly well without Madrid. "We have already become an independent nation," he insists, "and it is not true that we cannot develop without Spanish co-operation."

He has quickly cut public sector jobs, livened up telephone and tourism services into private sector joint ventures and, he says, created 1,075 new jobs. In tiny Gibraltar, it is possible to be that precise. GDP, about £175m, is up 10 per cent and the inflation rate is 6.2 per cent.

"There's a new buzz about the place, a new feel," enthuses Jonathan Stagnetto, a young Gibraltarian who left to study in

England the day the border reopened and who has returned to establish a small offshore services business.

Finance is the buzzword in Gibraltar, and the hope is that investors in Hong Kong, worried about the Chinese takeover in 1997, will come to Gib. A Danish company is building a big office complex on reclaimed land near the marina, to double Gibraltar's office space and attract offshore financial institutions.

But this has only worsened ties with Spain. Madrid assumes it is becoming a place for tax dodgers and money launderers using exempt companies to invest in Spain without paying tax. Now Gibraltar has become the largest source of foreign investment in Spanish real estate, the presence of three Spanish banks on the Rock has done little to ease its fears.

Local lawyers admit the hard sell may have gone too far. "We can still turn our hands to business that has nothing to do with Spanish villas," says J.E. Triay, senior partner in one of the Rock's largest chambers.

Nevertheless, Gibraltar's attempts to become a serious off-shore centre may become the key to breaking the political deadlock with Spain. The more successful the finance centre is, the more inefficient die-hard politics becomes. "It makes no sense if you don't internationalise the border," says Triay. "The policies of the Government (regarding the airport agreement) are totally misconceived. Joseph Gaggero, chairman of the Bland Group, which controls GB Airways, also wants to see the agreement 'resolved' quickly."

That is as far as public opposition to Bossano goes, though neither man supports integration with Spain. "It doesn't take much business to keep Gibraltar going," Triay says. "Our secret is that we have this independent economy, small as it may be, and it is for a very small number of people," (20,000 Gibraltarians and 10,000 expatriates).

But some 30km away is Sotogrande, big and luxurious, its marina bobbing with

yachts. Here, inside Spain, is where increasingly more Gibraltarians with any money either live or own property. Driveways are crammed with smart Gibraltar-registered cars and half the managers that keep the Rock's financial services going commute from here or nearby to the colony every day. Housing in Gibraltar is cramped and unattractive and the more the finance centre grows, the more its senior personnel will depend on the luxuries of modern Spain to keep them happy.

Smuggling does nothing now but more trouble. The tobacco trade irritates the authorities in Spain, where higher tobacco prices are guarded by the monopoly distributor, Tabacalera. Last year, when two Spanish policemen chased a Gibraltarian smuggler on to a local beach, firing into the air, they were arrested and the smuggler set free. "Why should we stop people buying tobacco here in order to protect a Spanish monopoly?" asks one resident.

But even though Gibraltar's insistence that it needs nothing from Spain is made daily more absurd by the amount of business it does because of Spain, or because of the number of Gibraltarians who live and work in Spain, they do have a point.

Madrid has reacted sulkily to Gibraltar's hostility since the opening of the border. "Spain saw the opening of the border as a concession," says a British official. "Gibraltarians saw it as a wrong. It put back relations 50 years and almost anything that the other side does is automatically going to be interpreted here in the worst possible way."

The true enemy, viewed from Gibraltar, is Francisco Fernandez Ordonez, Spain's affable and clever Foreign Minister, who becomes quite irritable when discussing Gibraltar. Every time the Spanish frontier police search departing cars more closely than usual, causing huge tailbacks into the colony, he is automatically assumed to be responsible. Sometimes he probably is. Gibraltarians will allow that they are a little paranoid, but, says Jonathan Stagnetto, "the Spanish keep putting the boot in for one reason or another." Understandably, the Spanish see things differently. "It is not our job to be psychoanalysts to Gibraltarian paranoia," says one official in Madrid.

Nevertheless, while Spain insists it will talk only to the British, as the sovereign power, about "normalising" Gibraltar's situation, there seems little doubt that unless Madrid and Gibraltar can come to an understanding only a wholesale British betrayal of the colony, by revoking or reinterpreting the 1968 Constitution, can break the current deadlock. That is unlikely and it is a much gaudier prospect, economically, for Gibraltar than it is for Spain.

For the moment, working class Gibraltarians, many with two cars and their own homes, are well off and Spain has not yet made them a better offer. Spain's institutions are overworked and inefficient and grimy La Linea over the fence is as shabby a place as anywhere. It is automatically assumed to be responsible. Sometimes he probably is. Gibraltarians are totally misinformed. Joseph Gaggero, chairman of the Bland Group, which controls GB Airways, also wants to see the agreement "resolved" quickly.

That is as far as public opposition to Bossano goes, though neither man supports integration with Spain. "It doesn't take much business to keep Gibraltar going," Triay says. "Our secret is that we have this independent economy, small as it may be, and it is for a very small number of people," (20,000 Gibraltarians and 10,000 expatriates).

But some 30km away is Sotogrande, big and luxurious, its marina bobbing with

Gamesmanship on the Euro pitch

English football teams have gone back into Europe at last. To make a change from financial gloom I thought I would celebrate this week's historic return with some accounts of a few of the more notable matches.

London City 2 Republic United (Frankfurt) 0

"MAKE NO mistake, this is a match of two legs," was the view of City manager Rob Leigh-Pemberton, the "guv'nor", relaxing after the London side ran out comfortable home winners in this Eurofed Trophy final. "The lads done brilliant, but Frankfurt will be a much tougher team after their merger next month."

In what turned out to be a patient tactical battle the Londoners benefited from their shrewd signing of Jacques Attali from Paris who combined effectively with the home team's John Flemming, while the Frankfurters struggled with outdated systems and failed to link up with their own wide men.

But on their strengthened home turf the Germans could turn out to be a different proposition, especially as the Londoners' injury list lengthens. Banks going lame is just the latest disaster. As the guv'nor put it: "A lot of punters will be choosing Frankfurt as their central banker on the Euro-pools, but City will be fighting tooth and nail all the way to the final whistle."

Stirling Albion 1 Club ERM 1 (match abandoned)

Veteran visiting captain Karl

The Long View



The results from this week's Continental football games were not always as good as they seemed . . .

DG15 Brussels 0 SIB Evers 0 (after extra time)

Honours were declared even after this dour defensive battle in Brussels, but the sparse spectators were streaming home long before the referee blew the final whistle. Replacement of the Irish referee by an Italian did nothing to speed up

the pace of the game.

There was livelier action in the dugout. Lashing out bitterly over the proposed minimum transfer fee rule which could leave the smaller British clubs priced out of the game, SIB manager Dave Walker also had harsh words about the failure of Brussels to produce a level playing-field.

Nevertheless, Walker expressed satisfaction that his team had managed to hold back DG15's powerful German system which had threatened to overwhelm them in the first half. But on the other hand the British side's lightweight independent raids stood little chance against the massed banks of defenders. So there is still all to play for in this qualifying round for the 1992 Single League Championship. Don't

expect record gate receipts for the replay, though.

Rawlins' goal was the only one in the first half. After an over-ambitious one-two with Elviss broke down Rawlins recovered the ball, trampled over a weak challenge by Reuter and instead, ignored the red card of referee Gordon Borrie and slotted his shot into the net.

Spirits 6 F.C. Makswell (Transylvania) 7 (after penalty shoot-out)

Struggling Spurs shot out of Europe on penalties as the troubled London team's players fought each other more energetically than they tackled the Czech opposition. Team captain Bobroff was sent off after coming to blows with fellow defender Scholar. When a pass to England star Gary Lineker fell uselessly short, his players were substituted.

Transylvania surprisingly went ahead by capitalising on Gecognie's value but kept falling for the offside trap and had no answer when a cheeky Czech response streaked through Scholar's legs. As the game went to penalties the visiting side's experience when on the spot proved crucial. Disciplinary action could now hit Spurs.

life, judging by their lacklustre showing against a side who are clearly determined to go places. The famous competing play-maker system no longer looks so hot against younger competition. Possibly facing Frankfurt in the next round, the Londoners still have no firm news on the fitness of matchwinning striker Steve "Taurus" Bull who may need further surgery following a mystery swelling problem.

The goal was simplicity itself. After an over-ambitious one-two with Elviss broke down Rawlins recovered the ball, trampled over a weak challenge by Reuter and instead, ignored the red card of referee Gordon Borrie and slotted his shot into the net.

Spurs' 7 (after penalty shoot-out)

Struggling Spurs shot out of Europe on penalties as the troubled London team's players fought each other more energetically than they tackled the Czech opposition. Team captain Bobroff was sent off after coming to blows with fellow defender Scholar. When a pass to England star Gary Lineker fell uselessly short, his players were substituted.

Transylvania surprisingly went ahead by capitalising on Gecognie's value but kept falling for the offside trap and had no answer when a cheeky Czech response streaked through Scholar's legs. As the game went to penalties the visiting side's experience when on the spot proved crucial. Disciplinary action could now hit Spurs.

PEPS AND PERFORMANCE FROM NEWTON.

Last year, Newton Investment Management was the best performing pension fund manager in the UK, producing a median return of 38.2%* according to the W M Survey of UK pension funds. Indeed Newton Investment Management have managed the top performing pension fund since 1978*.

This expertise is now available to the individual investor who can build up a tax free portfolio through any one of our three Newton Personal Equity Plans.

The Newton Equity PEP
The Newton Mixed PEP
The Newton Unit Trust PEP

The objective of all our PEPs is to achieve above average total return. But remember that the value of investments and the income from them may go down as well as up and that past performance is not a guarantee of future success.

(*Source: The W M Company)

If you would like more information on Newton PEPs please fill in this coupon and send it to: Newton Investment Management Ltd, No 2 London Bridge, London SE1 9RA. Alternatively you can telephone Samantha Gilchrist or Jonathan Powell on 071-407 4404.

Name _____ Address _____

NEWTON

A NAME FOR THE NINETIES
Newton Investment Management Ltd. is a member of IMRO.

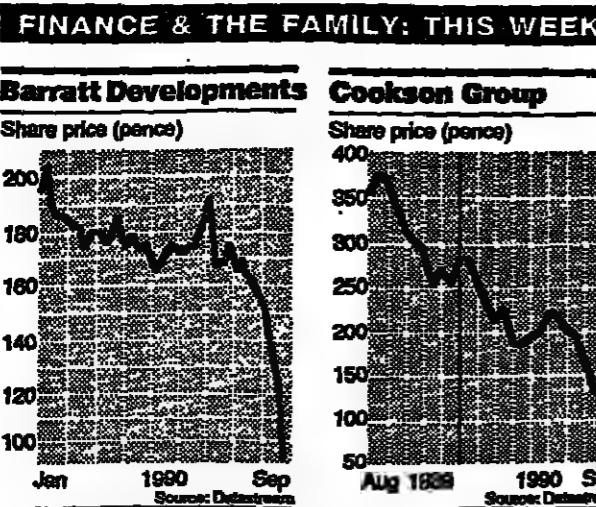
FT129

Finance : Is the sound of gunfire a signal to buy, asks Philip Coggan	III	Travel : The English country house hotel under threat	XVII
How to Spend It : Ghosts of the British Library Reading Room	VIII	Arts : Antony Thorne on the British 20th Century Art Fair	XX
Wine : Jancis Robinson visits a dark dungeon	IX	Sport : Gascolyne: showman on a short fuse	XX
Art : The art of the family	IV	Motorcars : The 1990s	XVII
Gardening : The art of the family	VII	Stock Markets : The 1990s	XVII
How to Spend It : The art of the family	VIII	TV and Radio : The 1990s	XVII
Books : Crossword	XVII	Finance : The 1990s	XVII
Books : Crossword	XVII	London : The 1990s	XVII
Books : Crossword	XVII	New York : The 1990s	XVII
Books : Crossword	XVII	Paris : The 1990s	XVII
Books : Crossword	XVII	TV and Radio : The 1990s	XVII
Books : Crossword	XVII	Wines : The 1990s	XVII

MARKETS

LONDON

Gloom, doom and Polly Peck



Barratt falls out of favour

Barratt Developments, one of the most famous names in UK housebuilding, this week took the dubious honour of being the first of the front-rank builders to reduce its dividend. Other housebuilders reporting recently experienced sharp contractions in profits but managed to either maintain or, as was the case with Taylor Woodrow, increase their dividends.

Barratt's pre-tax profits collapsed from £77.5m to £30.2m, causing the group to almost halve its final dividend from 10.1p to 5.7p, giving a year's total of 9p against 13.3p, the last time the group had reduced its dividend since its market debut 22 years ago. Analysts were dismayed by the news, pointing out that Barratt had maintained the dividend even during the mid-1980s when the group was badly affected by the timber-frame controversy. Profits forecasts for the current year were cut heavily, mostly to around £25m, although some of the pessimists moved down to £23m. *Stephen Thompson.*

Cookson hits six-year low

Disenchantment with Cookson, the specialised materials group, reached a crescendo this week, sending the stock plunging to the lowest levels for six years. Although Cookson's problems have been apparent from the turn of the year, they have come more sharply into focus since publication of the interim profits just two weeks ago. The main difficulties are an operating downturn in some businesses, and particularly Tioxide, a joint venture with ICI, a stretched balance sheet - debt is nearly £550m - and the need for a cash injection. Disposals are also necessary. After having a market valuation of nearly £21.4bn last year, the former FT-SE constituent of the FT-SE Index is now only capitalised at £200m. *Roy Perry*

Electricity offer tempts 250,000

A quarter of a million people have registered at the Electricity Share Information Office after the first week of the privatisation marketing campaign. Meanwhile, Sharelink is offering a special service for prospective electricity investors. Those who enrol with Sharelink will automatically be registered with the Electricity Share Information Office. Telephone and other dealing facilities will be on offer at discounted commissions. Users of the service will be able to deal in electricity shares without waiting for their share certificates. *Philip Cogger*

New savings account launched

Bristol & West building society launched its Treble Rate Bond this week offering savers gross interest of 16.8 per cent (12.6 per cent net) on sums above £25,000. The money has to be invested for a year, and you cannot withdraw the capital until October 1 1991. Thereafter, withdrawals require three months' notice. The minimum deposit is £25,000, which attracts an interest rate of 16 per cent gross or 12.26 per cent net. *Sara Webb*

Fidelity looks to Ucits

Fidelity is launching a range of 21 Luxembourg-based funds in a worldwide marketing campaign. The Umbrella funds are qualified as Ucits (Undertakings for collective Investments in Transferable Securities) and the range is seen as one of Fidelity's main investment vehicles for the 1990s. In the UK, the marketing effort will concentrate on the 12 country and regional funds. In other moves this week, Morgan Grenfell launched a European Smaller Companies fund, in association with Deutsche Bank, and Royal London has relaunched its GLT Income Fund as the Extra Income Trust. *PC*

INSIDE . . .

The real value of shares

Philip Coop reports on how to find good-value shares - particularly at a time when the markets are distinctly shaky. *Page 11*

Perils of share incentives

Employee share schemes are meant to encourage employees to work harder and more effectively. But what if an executive moves on and wants to compete with his old firm? David Cohen tackles a thorny problem. Plus Sara Webb on the latest Business Expansion Schemes. *Page 4*

Single-parent planning

In the fourth part of the F&F 'Seven Ages' series, Sara Webb looks at financial planning for single parents. *Page 5*

IN BRIEF Tax from Spain is a pain - *Page 5*

IN AUGUST, President Saddam Hussein moved the goalposts for equity investors. This week, the same investors could be forgiven for wondering where the pitch had gone.

In five days, poor economic omens and deepening crisis at individual British companies have combined to push down the FT-SE 100 Index by 63.3 points. That is not a large fall by any standards, but it has been marked by an increasingly black mood in the markets and this time the committee cannot be blamed on spoilsport Saddam.

Yesterday, it was clear that many investors believed Thursday's fall of nearly 49 points had been overdone. Footsie was down a further 41 points at 10 am, but it recovered to end the day up 8.6 points to 2,025.5.

In five days of uncertainty, it was strange that a comparatively firm statement - that Britain is very unlikely to enter the exchange rate mechanism of the European mon-

etary system while inflation remains high - should be blamed by some for precipitating Thursday's fall. Wednesday's speech on the subject by Bundesbank president Karl Otto Pöhl undoubtedly had an effect on currency - the pound fell 4.45 pence against the D-Mark over the week - but many equity analysts regarded it as a truism.

Even then, the economic messages broadcast on Wednesday were confused. While Pöhl signalled indirectly that UK interest rates would have to remain high, the Confederation of British Industry was calling for a cut in interest rates before the end of the year to avoid recession.

More worryingly, basic guidelines for equity investment have begun to disappear. According to one securities house, clients are being advised not to trust forecasts of earnings, and cling instead to dividend yield, which now stands at an eight-year high of about 5.8 per cent for the mar-

ket as a whole. The collapse in Polly Peck International's share price on Thursday showed just what a valuable commodity investor confidence has become.

Shares in the fruit trading and consumer electronics group fell 13.5p to 106p before suspension and the fall knocked the crutches away from a market already nervous about company prospects.

At the same time, the Serious Fraud Office confirmed it had searched the offices of South Andley Management, a property company indirectly linked to Asil Nadir, Polly Peck's chairman and largest shareholder.

Thursday's market may have been led down by a Footsie stock but what was notable was the descent was the way in which smaller stocks were also involved.

Some erstwhile first-division companies have found themselves unexpectedly thrown into secondary stocks this week. Polly Peck is worth a

mere £468m at its suspension price compared with a market capitalisation of between £900m and £1bn for the smaller Footsie companies.

Coincidentally, this was also the week when the relegation of three Footsie stocks was announced: Carlton Communications, Burton Group and Taylor Woodrow are all to be dropped from the index - which contains the biggest companies by market capitalisation - from October 1.

Taylor Woodrow, the construction company, marked its impending departure in spectacular fashion, when it revealed on Tuesday that profits had fallen for the first time in 30 years - down 12 per cent to £38m at half-time. Its shares ended the week down 10p at 18.5p.

The group was joined in the building basement by Barratt Developments, which on Wednesday cut its dividend for the first time since it came to the market in 1988. Annual profits fall by 60 per cent during 1989-90; Barratt's shares fell 5p to 89p during the week.

The sluggish nature of the economy and the gloom over company earnings, it seems that only a cut in interest rates can offer a respite to corporate America. But oil-related inflationary pressures look likely to worsen as the Gulf crisis drags on, with attendant implications for the Fed's monetary policy.

Even if rates were lower, the sorry state of the banking business would still be a problem. The same kind of semantic debate about the onset of recession is now taking place on the question of whether American industry is facing a quiet end to the 1980s.

The banks say they are still lending to reasonable customers, but the definition of a reasonable customer has changed drastically over the past 12 to 18 months. Donald Trump, for example, used to be considered a good customer; this week it emerged that he had missed a meagre \$1.1m payment on loans extended for the purchase of his troubled Trump Shuttle airline. And just weeks after his banks approved an emergency \$65m rescue package Trump is now asking for a further restructuring on \$245m of Shuttle-related loans.

Chase Manhattan, meanwhile, was forced yesterday to issue its second denial of funding difficulties in just over a week. The bank's shares fell to a new low of \$13.75 on Thursday, before regaining 3/8 of a point yesterday morning once it became clear that the bank plans savage staff cuts and heavy loan loss reserve provisions.

As Congressional Democrats are sufficiently worried about the stalled Budget Summit that they are considering legislative proposals to prevent \$10.6bn of automatic spending cuts that will come into effect next month if a deficit reduction deal is not achieved.

In this environment there is something distinctly academic about the "Are we on the verge of recession or not?" verbal pyrotechnics among analysts and commentators. Given

the high seas hit the equity market, there are some solid objects to which nervous investors can lash their portfolios.

Trading in the last two days of the week was characterised by flight into stocks promising reliable dividend growth, such as British Gas, and other utilities with stable, core businesses like the larger privatised water companies. Significantly, two water companies - Anglian and Severn Trent - will be among those replacing the trio of deletions from the FT-SE 100 Index next month.

Some hard-hit investors are still taking a punt on the chance of war in the Gulf, buying oil stocks such as British Petroleum and Shell, and defence companies, which are still realising the worst of the market weakness. But corporate results continue to demonstrate the resilience of companies protected from the worst the UK economy can throw at them.

Not even the gloomiest government statistician has suggested people have stopped eating because of high interest rates: Tesco proved this simple fact on Wednesday when it was able to announce a 2.6 per cent increase in interim profits to \$17.8m, although the supermarket chain's shares actually slipped a couple of pence on the day. One food retailing analyst explained: "I think the market took the view that the results were better than expected, except the market expected them to be better than expected." It was a confusing week for stockbrokers too.

If Thursday's hectic trading proved anything it was that no matter how safe it is to be lashed to the mast when a storm blows up, it is worse than useless when the ship itself is sinking. Glaxo's shares finally closed 25p higher over the week at 73p, as investors finally recognised the worth of the 1989-90 figures. But on Black Thursday itself, with the market drowning, all three stocks closed lower.

5.4 per cent fall in interim profits. Its results ran slightly against the gloomy trend in the construction industry because of a strong performance in West Germany.

Guinness also beat City expectations with a 31 per cent increase in interim pre-tax profits to \$222m, on the back of strengthening demand for higher value brands of spirits and beers.

It does not take a top analyst to guess that depressed consumers turn to alcohol when times are hard; more surprisingly, customers also seek solace in well-known brands. MB Group, for example, managed to push up profits in the difficult building products market during the first half helped by brands like Everest double-glazing, Twyford and Stelrad. Doulton bathroom products, as MB's chief executive Peter James put it on Thursday: "People in bad times tend to turn to the familiar things."

Glaxo, one of the world's two largest pharmaceutical groups, is also placing its faith in brands of a sort - a string of new drugs due to come on the market in the next few years. Glaxo needs new drugs to replace the gradually declining sales of Zantac, its anti-ulcer medicine. The UK group's reliance on the drug has given analysts concern in the past, but Thursday's optimistic trading statement accompanied a 15 per cent year-on-year improvement in profits, to \$1.14bn before tax. That was the top of City's expectations.

Unfortunately, if Thursday's hectic trading proved anything it was that no matter how safe it is to be lashed to the mast when a storm blows up, it is worse than useless when the ship itself is sinking.

It may console some battered shareholders to know that although Thursday was Footsie's worst day, it contained some of the brighter company results of the week.

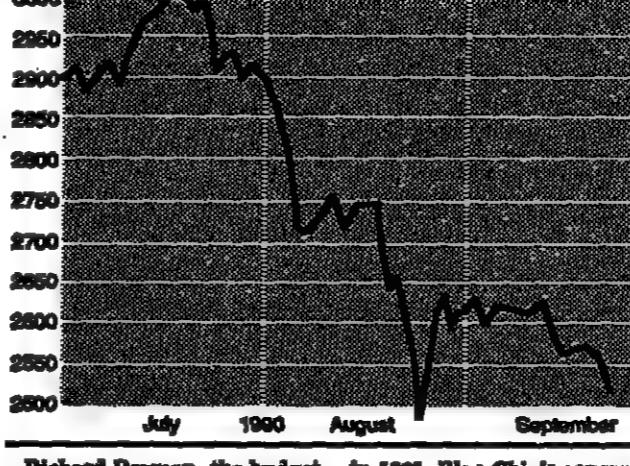
One notable survivor was RMC, shares in which shook off the concrete boots worn by most other Footsie stocks. The aggregates and building materials group watched its shares rise 4p on the day, in spite of a

Andrew Hill

WALL STREET

Wounded duck

Dow Jones Industrial Averages



Richard Durman, the budget director, used to be fond of saying that if something looks like a duck, walks like a duck and smells like a duck, then it must be a duck. On that basis, consider the following items:

■ The continuing rise of probability loans at US money centre banks was highlighted by yesterday's announcement from Chase Manhattan of unprecedented loan loss reserves and draconian staff cuts.

■ Analysts in several key manufacturing sectors are steeling themselves for an avalanche of unhappy third quarter corporate results.

■ More than half of the 50 economists recently canvassed by Blue Chip Economic Indicators said they thought a recession would start this year or the "duck test."

Wall Street concluded that Greenspan's testimony on Wednesday, dwelling on the inflationary dangers of higher oil prices, implied a certain reluctance to ease interest rates. The equity market responded accordingly on Thursday; and yesterday morning it was showing no sign of bouncing back significantly.

Much is made on Wall Street of the textbook definition of recession - two consecutive quarters of decline in real GNP. A less scientific analysis based on the extraordinarily gloomy prospects for the US economy may, however, now be in order. It may be time for the "duck test."

Richard Durman, the budget director, used to be fond of saying that if something looks like a duck, walks like a duck and smells like a duck, then it must be a duck. On that basis, consider the following items:

■ The continuing rise of probability loans at US money centre banks was highlighted by yesterday's announcement from Chase Manhattan of unprecedented loan loss reserves and draconian staff cuts.

■ Analysts in several key manufacturing sectors are steeling themselves for an avalanche of unhappy third quarter corporate results.

■ More than half of the 50 economists recently canvassed by Blue Chip Economic Indicators said they thought a recession would start this year or the "duck test."

This week Kingfisher fully justified that confidence by posting a 3 per cent rise in interim pre-tax profits despite hostile trading conditions in most of its markets.

All this attention is rather a far cry from the company's dingy origins in the Woolworth department store chain. The transformation began in 1982 when a group of former British Sugar executives staged an ambitious buy-in and set about sprucing up the chain and exploiting its under-utilised

assets.

The turn-around at Woolworth has been impressive. In the past five years it has lifted its operating profits more than threefold, from £17.6m to £56.2m. The chain has a strong position in several niche markets. It is the biggest confectionery seller in the UK and each year it sells about 12m birthday cards, 6.5 miles of gift wrap, and a quarter of all Christmas decorations.

There are undoubtedly still further efficiencies to be squeezed out in the company and market share to be gained, but some doubt circulates about its future direction and format.

The new management team also sought to exploit Woolworth's considerable property assets and for this purpose set up Chartwell Land as a separate property development and investment company. Chartwell Land has been hard hit by the recession in the property sector and saw a sharp drop in its contribution to interim profits from £2.6m to £2.7m.

However, Kingfisher clearly has big ambitions for the company and is looking to pick up investments in the present depressed market conditions. Yesterday's £2.6m purchase of a chunk of property from Rosehaugh is perhaps an example of how it intends to proceed.

We are aiming to make Chartwell into one of the most successful property companies

in the country but that will take us at least three years to do," says Archie Norman, Kingfisher's finance director.

Of Kingfisher's other interests, B&Q is the most significant as it dominates the DIY sector with an estimated 15 per cent share of the £7bn market

through the acquisition of the Dixons chain was blocked by the Monopolies and Mergers Commission.

Comet fell into losses at the interim stage but the company claims to have increased market share and will see a seasonal uplift in the second half. Following the failure of Dixons' bid, analysts have speculated about what acquisition Kingfisher may tackle next. However, the company stresses that it is under no pressure to do a deal and that it has ample opportunities for organic growth, especially when interest rates ease.

This view is shared by many in the City and summed up by Chris Dickman, retailing analyst at Smith New Court. "Kingfisher is resilient in this trading environment and sensitive to it," he said.

With its sights on a younger age group, the Rock Garden Group is risking the markets next week with a US placing. Rock Garden is a restaurant and live music venue based in Covent Garden, London. It was founded in 1976 and is now hoping to expand overseas.

The Pelican Group obtained a USM quote earlier this month to provide funding for

Andrew Jack



ANNUAL PRE-TAX PROFITS AND EARNINGS PER SHARE

FINANCE & THE FAMILY

Philip Coggan explains the different approaches to share valuation

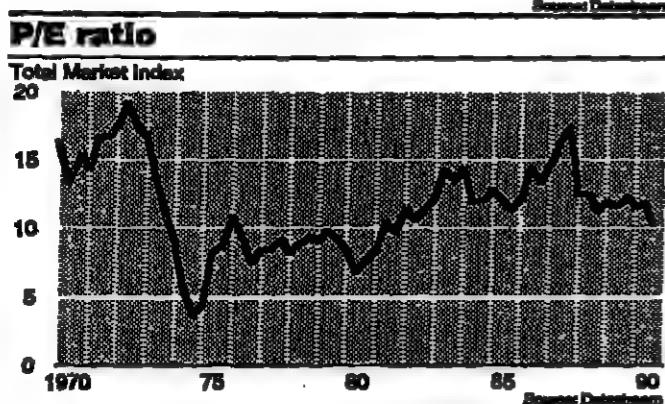
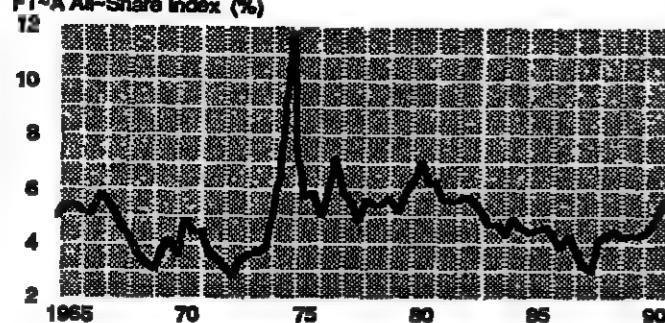
Knowing when to sell and when to buy

"BUY WHEN the besieging army is at the city gates; sell when the trumpets sound the retreat"; does the old Rothschild adage ring true with Saddam Hussein and the West finally close to war?

A spate of circulars from unit trust managers has urged investors to increase their holdings. But cynics might dismiss such sentiments as a desperate marketing drive from a beleaguered industry. August figures showed a record net withdrawal by investors.

Relying on advice from the average fund manager is not a foolproof method, given their long-term record of underperforming the stock market indices. The private investor is probably better placed looking at the fundamental ratios used to value shares. None of the ratios is a perfect guide in itself, but taken together, they provide a reasonable picture of whether the UK stock market looks under- or over-valued in historical terms.

Dividend yield



The best way to start is with the dividend yield. Many private investors may not be interested in their dividends, because they hold shares for capital growth, rather than for income. But dividends are very important for many institutional holders and the gains made from reinvesting dividends are important in the historical outperformance of equities over other assets.

The graph shows the yield on the FT All-Share Index since 1975. Yields tend to have an inverse relationship with bond and share prices so that when yields are rising, prices are falling and vice versa. The over-optimism of the 1974 bear market, when yields topped 12 per cent, and the excesses of the 1987 bull market, when yields briefly fell to 3 per cent, seem obvious with hindsight.

Over long periods – going back to 1919 – the UK market has tended towards an average yield of around 5 per cent. Broadly speaking, investors did

well to buy shares when the market was yielding more than 5 per cent, and did well to sell when it was yielding below it.

But the rule is only a rough guide. If you had sold in 1988, when the yield dipped below 5 per cent, you would have missed several years of the great bull market. And if you had bought in 1973, when the yield moved up through 5 per cent, you would have had some sleepless nights in the 1974 bear market.

At the moment, the All-Share is yielding 5.76 per cent and so looks cheap in historical terms. But only marginally so – the late 1970s and early 1980s offered many better buying opportunities.

Another way of looking at the market's fundamental value is to look at the price/earnings ratio. This examines the relationship between a company's profits and its share price. Put simply, the level of the ratio represents the number of years' profits that an investor has to pay to buy a share: a p/e ratio of 12 indicates the purchase is paying 12 years' profits for the share.

But if profits are growing fast, then a high p/e paid for last year's profits becomes a low p/e in terms of next year's results. If a company on a p/e of 12 can double its profits in the coming year then the prospective p/e is only 6. Normally, the higher a share's p/e ratio, the faster investors expect its profits to grow. The same principle applies to the stock market as a whole as to individual companies.

The graph shows the p/e on the Datastream Total Market Index since the start of 1970. Again one can easily see both the depths of despair that were reached in 1974 and the heights of euphoria touched in 1987. The average p/e for the period is 11.6 and thus the current p/e of 10 implies that the market is relatively cheap.

But again, the figures are not bargain basement stuff. For the p/e to climb back to the average, shares would have to rise by only 15 per cent, of which dealing costs would take a chunk, leaving a return little better than one could expect from a building society.

Another way of looking at the same relationship is to express bond and equity yields as a ratio. Here the 1976-90 average is 2.33, with the peak of 3.3 reached before the 1987 Crash (when equity yields were very low).

The current ratio is 2.01, again below average, indicating that equities may be relatively cheap.

Most of the ratios so far referred show that shares are cheap or undervalued by

around 15 per cent compared with long term averages. But there are two relationships that show a different picture.

The third graph shows the relationship between the earnings yield and bond yields over the past 10 years. The earnings yield is defined as profits as a percentage of the share price, and is effectively the inverse of the p/e ratio. As the graph shows, the earnings yield has only briefly – in 1980 and late 1988 – equalled the bond yield.

When the gap is wide, the likelihood is that bond yields will fall and earnings yields rise (and thus share prices will fall). When the gap is narrow, the reverse is likely to occur – earnings yields will fall and share prices should rise.

Over the period covered by the graph, the average redemption yield on 35-year high coupon gilts has been 11.1 per cent. The average earnings yield has been 8.6 per cent. Currently, bond yields are 11.6 per cent and the earnings yield is 10 per cent, indicating a considerably lower gap than the average, perhaps as much as 35 per cent.

That could mean several

things. The earnings yield may be set to fall, which could imply a rise in share prices, but it could also imply a fall in corporate profits. It could also mean that bond yields are set to rise, perhaps because of inflationary worries.

Nevertheless, the narrow gap between bond and earnings yields is the most encouraging statistic so far for the equity bull. However, the final ratio – that of cash interest rates to equity yields – tells a different story.

Investing in the money markets is an obvious alternative to buying equities and when interest rates are high (as they are now) one would expect yields on equities to rise. When the ratio between the two is high, the likelihood is that either interest rates will fall or that equity yields will rise (and thus share prices fall).

The average ratio over the period 1976 to date is 2.4 with a high of 3.6 (earlier this year when the FTSE 100 Index was at an all-time peak) and a low of 0.9 (in 1977). Currently the ratio is 2.55, above the long-term average.

Of course, this could mean

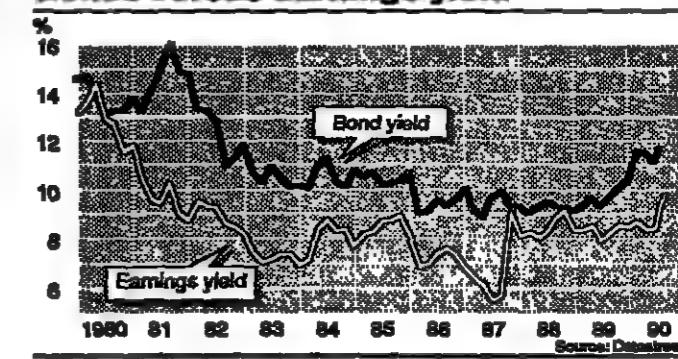


J. Johnson

that interest rates are about to fall (which would reduce the ratio) although the government's recent pronouncements are not encouraging in this respect. But it may mean that equity yields have scope to rise even further. This is the least encouraging of all the ratios.

So what has all this analysis told us? It does indicate that on most – but not all – criteria, equities look cheap in historical terms. But the amount of undervaluation is fairly limited and does not offer much scope

Bonds versus earnings yield



Source: Datastream

EXPATRIATES

Caribbean cleaner

RODNEY GALLAGHER, a partner in Coopers & Lybrand Deloitte, leaves the UK this weekend at the start of a British government-insured challenge to clean up the Caribbean's financial centre.

Gallagher will be based at the British High Commission in Barbados and will report to the Foreign Office in London. It may sound like Whitehall's 1990 equivalent of sending a gunboat to remind a colony who is in charge, and it probably is.

His current advice to internationally-minded private investors is straightforward enough: stick with reputable financial institutions, whether banks, insurance and trust companies or fund management groups. "If in doubt, don't do the business," he says.

Many reputable household-name financial companies operate offshore. Gallagher's view is that if their products lead you to the Caribbean, you should have nothing to worry about. If, on the other hand, you seek out a financial institution in the Caribbean without professional advice, "you might end up in trouble."

His expertise culminated in publication earlier this year of a 156-page Foreign Office-funded report on offshore finance sectors in the Caribbean.

Progress has been made. In March 1989 there were 247 licensed banks in Montserrat. Eighteen months on, the number is 40. As Gallagher's report makes clear, "About 90 per cent of the banks licensed should either never have been given a licence or should have lost their licence under routine supervisory procedures laid down in the law." For Anguilla, a complete moratorium on all new banking and insurance licences was proposed.

Encouragingly, the local governments of all five Caribbean centres covered by the report indicated their willingness to co-operate in implementing the report's recommendations.

Various tasks await Gallagher during his two-year stint as regional financial services adviser in the Caribbean. His role will encompass giving advice to and liaising with local authorities on regulation, supervision, training, legal drafting and use of data base systems. He is also likely to get involved in international inquiries from law enforcement agencies concerning efforts to combat money laundering. Gallagher was one of two UK delegates to attend a money-laundering conference organised by the Netherlands Antilles Government.

The report also flashed a strong warning light in the direction of Anguilla about which it said: "There have, so far, been no major financial scandals involving financial institutions, although there have been a significant number of enquiries concerning money laundering and the proceeds of drug trafficking and other criminal activities."

The report made various recommendations aimed at cleaning up the local financial scene in the various territories.



Since the UK's financial services legislation became fully operational, offshore territories which have legislation equivalent to the UK's regime can apply for designated territory status, enabling offshore companies to market their products in the UK.

Territories which have been granted designated status for investment and insurance products are Guernsey, the Isle of Man and Bermuda. Jersey has designated status for insurance products.

The biggest single boost any Caribbean financial centre could now give itself is to toughen its regulation to the extent that it becomes eligible for designated status.

Peter Gartland

Peter Gartland is Editor of *The International*, the FT's magazine for global investors.

Trusts in trouble

AUGUST has been a terrible month for the unit trust industry, thanks mostly to the Gulf crisis. The funds under management showed a sharp drop in value and the industry witnessed the largest ever outflow of funds for a single month.

"It was horrendous," said Nigel Sillitoe, a director of Fimbridge, one of the larger unit trust groups.

However, it was hardly unexpected. The plunge in the world stock markets accounts for much of the 11.7 per cent drop in the value of funds under management, by £5.5bn to £49.7bn.

The last time that unit trust funds suffered a sharp fall in value was October 1987 when they plunged by £13bn to £37.3bn, and knocked investor confidence so badly that the growth in unit holder accounts was stymied.

The outflow of funds in August was the largest ever seen for a single month, amounting to £47.6bn: repurchases of units from investors soared to £1.07bn, while gross sales were at their lowest since December 1988 at £593.1m.

Sara Webb

WHITTINGDALE CITY RESERVE FUND

15.4%*

HIGHER INTEREST

The Fund aims to produce a better return than Bank and Building Society Accounts.

SAFETY

Your money will be placed in only the most secure types of investment.

INSTANT ACCESS

Money can be back in your account within 24 hours – and with no penalty.

EXPERTISE

Your money deserves the constant attention which only specialists can offer.

The Whittingdale Group manages in excess of £1 billion of Gilts, cash deposits and other fixed interest securities, much of this for the Lloyd's insurance market.

The Whittingdale City Reserve Fund is an authorised U.K. unit trust, thus offering the highest degree of investor protection. Remember that interest rates vary from time to time and that the price of units and the income from them may go down as well as up.

* Projected Annual Compound Yield as at 6.9.90 for investors able to reclaim tax. This is after current charges.

For information on the Whittingdale City Reserve Fund complete the coupon and send it to: Whittingdale Unit Trust Management Limited, FREEPOST London EC2B 2HD.

Name _____ Address _____ Postcode _____

Members of IMRO and LAUTRO

FT AAP 22.9.90

BES APPROVED SCHEME

Help the railway to stay on line

Subscribe to the SVR Share Issue and you'll become part of the continuing success of our historic railway. Vital investment is now needed in the maintenance facilities at our locomotive works.

Your money will, quite literally, keep us on the rails. Please send for a copy of our share prospectus to: SEVERN VALLEY RAILWAY (HOLDINGS) PLC, THE RAILWAY STATION, BUDWELL, WORCS. DY12 1BG OR TELEPHONE (0297) 433616.

SEVERN VALLEY RAILWAY

FINANCE & THE FAMILY

THE SEVEN AGES



Taking care of the kids

"THERE ARE times when parenthood seems nothing but feeding the mouth that bites you," wrote Peter de Vries in *Tunnel of Love*. But for single parents, bringing up children can often pose tremendous financial strains.

One of the most important things to remember is to make sure your will is up to date. Fred Carr, of W I Carr, the stockbroker, says only an estimated 15 per cent of the population has a valid will. If your will is not valid you can leave terrible problems for your children or next of kin.

"Many people think about the financial implications of death but not about the care of the child," says Brian Tora, of James Capel.

Have you agreed with relatives who will look after the children in the event of your death? You should specify in your will what provisions you have made for the children and who you want to look after them.

Tora emphasises the need for careful estate planning to avoid crippling inheritance tax (IHT) bills. However, in many cases, IHT planning should have been sorted out earlier.

Sara Webb on the important issues for single parents

Men and women who become single parents because of the death of a spouse need to think carefully about how they pass on wealth to their children.

For example, take the following husband and wife case: the wife has assets consisting of £150,000 (representing her half-share in the house) and £25,000 in other investments, while the husband is worth £300,000 (his half-share in the house plus his other investments).

If the wife leaves everything to her husband, then on her death he receives her half-share of the house. If something then happens to him, the children will inherit a large estate and would have to pay IHT into the amount above £125,000.

The way to reduce or eliminate the IHT liability is to put certain assets outside the estate. For example, the husband could give up to £3,000 a year to the children without incurring an IHT liability. The money could be used to pay for an insurance policy written in trust in the child's name, which therefore remains outside the husband's estate.

Furthermore, in cases where the husband's company pays the premiums for his death-in-service policy, the family should again take IHT into consideration.

Many advisers recommend that the proceeds from the policy should be put in trust for the children. If it passed to the widow first, and then to the children as part of her estate, the children could end up paying IHT on part of the estate. If the in-service policy is held in trust for the children, it can provide them with an annual income which may be partly or completely offset by their single person's tax allowance of £3,000.

The other important area for single parents to review is pension arrangements. Tora points out that problems can arise for a divorced wife bringing up the children if she is living off her ex-husband's maintenance. She is not entitled to a pension if she is not earning, because her maintenance payments do not count as earned income. However, if she is getting divorced, she should check exactly what entitlement - if any - she has

MY WIFE and I sold our UK property and took up residence in Spain in June 1989. We have obtained Resident Permit and made our first Spanish tax returns in June 1990.

I retired early and draw a small pension from my UK ex-employer. Effective from May 1990, I received a zero-Tax coding from the Birmingham Income Tax office, without a word of explanation. In May I wrote and asked for an explanation and, at the same time, wrote to Thames Ditton explaining our circumstances and requesting a form with which to apply to have my pension taxed in Spain.

In June I wrote to the Birmingham office and to Thames Ditton again, asking for the

In July we obtained our papers giving a breakdown of the Spanish tax that my wife and I paid. I sent photocopies of the summary pages to the Birmingham office explaining that my Spanish tax liability takes into account UK personal allowance against tax paid in the UK and that therefore I am still entitled to a personal allowance on my pension.

The problem is that, apart from duplicate requests for two forms that I had already sent (one with a wrong file number) I have received no communication whatever from the Income Tax authorities since arriving in Spain more than a year ago, neither have I been able to contact them by telephone.

Tax from Spain is a pain

At this rate, I could continue indefinitely to pay extra tax that we can ill afford and never have the chance to exercise the option to be taxed entirely in Spain.

The question is, is there an ombudsman to whom we have the right of appeal against this lack of communication?

■ Try ringing the Double Taxation Section of the Foreign Dividend Office (whose UK number is 081 355 4141) and ask for a form to gain exemption from UK tax under article 18 of the Spain-UK double taxation convention in respect of your occupational pension.

In July we obtained our papers giving a breakdown of the Spanish tax that my wife and I paid. I sent photocopies of the summary pages to the Birmingham office explaining that my Spanish tax liability takes into account UK personal allowance against tax paid in the UK and that therefore I am still entitled to a personal allowance on my pension.

"In accordance with regulation 10(1) of the Income Tax (Employments) Regulations 1978, I give formal notice of objection to the coding of which was notified to me in May, and which I informally objected to in my letter of May 11.

The ground of my objection is that, as has already been explained to your staff, the pension is exempt under article 18 of the double taxation agreement with Spain, scheduled to the Double Taxation Relief (Taxes on income) (Spain)

Order 1976, SI 1976/1919. (Code OT was wrong on other grounds too.)

You will see from my file that I have been the victim of prolonged maladministration (incompetence and persistent delaying tactics) and so I trust you will forward my file to the Board for their assessment of the compensation which should be offered to me under the Taxpayer's Charter scheme.

■ Meanwhile, please ensure that WITHIN TEN DAYS OF RECEIPT OF THIS LETTER there is despatched to me either (a) a NO-TAX coding notice or (b) formal notice of your refusal to change my coding forthwith, so that I may proceed immediately to have the question determined by the Appeal Commissioners at their September meeting. I shall strenuously resist any attempt on your part to seek an adjournment or postponement of the hearing of my appeal, but I hope that you will not in fact force me to appeal to the Commissioners by any further prevarication over this simple matter."

If you receive no response within a fortnight, write to the Chairman of the Board of Inland Revenue, Somerset House, Strand, London, WC2R 1LB, United Kingdom, enclosing a copy of your letter to the Birmingham District Inspector.

■ It is a pity that it did not, apparently, occur to you to seek guidance on the tax aspects from the solicitor who prepared the letting agreement for you. As well as being competent in the relevant tax law (or at least having someone in the firm who is), the solicitor who acts for you has a fundamental advantage over us in that he or she has access to the full background facts, figures and dates.

■ As a first step, ask your tax office for the free pamphlets

LAST JANUARY I let the house which I jointly own with my girlfriend and rented a house (for up to two years) which was more convenient for our jobs and which some friends had restored, before being posted to Canada. The rent we pay is £200, and the rent we receive is £250, both on annual rental agreement. Our mortgage is £20,000 and we pay around £300 per month in interest after bands tax relief on two x £20,000. We are both higher rate taxpayers.

Can you advise how we should treat our rental income for tax purposes and is there any possibility of our obtaining tax relief on the last £30,000 of the mortgage?

■ It is a pity that it did not, apparently, occur to you to seek guidance on the tax aspects from the solicitor who prepared the letting agreement for you. As well as being competent in the relevant tax law (or at least having someone in the firm who is), the solicitor who acts for you has a fundamental advantage over us in that he or she has access to the full background facts, figures and dates.

■ It nearly always pays to seek professional guidance on the taxes etc before entering into transactions relating to prop-

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for any answers to questions received. All replies will be answered by post as soon as possible.

IR1 (Extra-statutory concessions) and IR27 (Notes on the taxation of income from real property). In the IR1 (which contains a loose supplement), look at concession A37 - Mortgage interest relief: temporary absence from mortgaged property. Then, either go back to your solicitor for guidance, particularly in respect of section 350C(3)(c) of the Income and Corporation Taxes Act 1988, or look up sections 350C(3)(c) and 350D(1) in a local reference library, in, for example, volume 6 of Simon's Taxes.

On the limited data provided, we cannot give you as helpful a reply as we should wish. You may well find, however, that your decision to go ahead last January without taking the precaution of checking the prospective tax position beforehand (with your solicitor, for example) will ultimately prove unacceptably expensive.

It nearly always pays to seek professional guidance on the taxes etc before entering into transactions relating to prop-

erty. Unwise steps cannot always be retraced, in the arbitrary world of taxation.

Covenant lesson

MY WIFE and I are assisting my son with the fees for the private education of his daughter (aged 10) by means of a deed of covenant which has four years still to run. In addition, we have a sum of £12,000 in a Building Society account in our joint names for our grand daughter.

We are informed by the Building Society that we can transfer this account into her name which we intend to do in April 1991. The question of inheritance tax should not arise as my wife and I each have sufficient funds to transfer £23,000 both before 5 April 1991 and just after that date.

My question is: can my son also include the tax which will be deducted from the building society interest (after April) when he submits his annual deed of covenant repayment claim for his daughter in the tax year 1991/92?

My son thinks it will be too much of a 'hassle' to apply to the Revenue to have the interest paid gross.

■ Although it would have been helpful if you had sent us a copy of the deed of covenant (because we like to have a firm base for the advice we give to readers), we feel confident that we can say: YES.

If you have money to invest: you have a problem.

Our business is investing money. ■ That, and providing financial advice, is all we do. ■ Today, we invest and advise upon some £2 billion on behalf of individuals and financial institutions. Our investment record stands as testimony to our effectiveness. ■ We are distinct among today's investment houses in being genuinely interested in acting for private clients as well as corporate bodies. ■ We bring to private investors the same benefits that are offered to institutional investors. ■ This focus on the individual will continue. ■ More and more people have money to invest. ■ The problem is how to select between the wide, and often confusing, range of services that are increasingly being advertised. ■ Do you need a specialist investment house? ■ If so, which? ■ In the future, this problem is likely to grow, rather than to lessen. Why? ■ Because, the amount of money that private individuals have is set to grow very considerably - from legacies, pension fund payments, insurances and the value of private property. ■ Finding an investment partner, therefore matters, and matters a great deal. ■ What is more, it very much is a question of trust. ■ At stake is your financial welfare, and that of those for whom you are responsible. ■ That is the way we at Capel-Cure Myers look at managing your money. ■ We also understand that trust, like well-managed money, is something that grows. ■ If you feel that what we have written strikes a chord, we would be happy to talk. You can telephone John Kenneth on 071 488 0707 or simply fill in the coupon.

DEBT
CAPEL-CURE MYERS
CAPITAL MANAGEMENT
DEDICATED TO THE MANAGEMENT OF MONEY

To John Kenneth, Capel-Cure Myers, Capital Management Limited,
The Registry, Royal Mint Court, London, EC3N 4BY.

Name _____

Address _____

Postcode _____

Daytime Telephone _____

Evening Telephone _____

Telex _____

Cape-Cure Myers Capital Management Limited, The Registry, Royal Mint Court, London, EC3N 4BY.

Member of The Securities Association and the Financial Stock Exchange.

has not
int
tatis Bill
certainly
wer arm
ing calld
is's book
imbing it
ckenzie is
e, confir
flourishes

id it, and I
es that it
ik by two
mid-spring
plants will
woody and
flower less
usually say
value of this

some recent
of the new
observatory
i Mandeville
it be warns
seeds for any
an open bed

all shrubs
fined: I have
of the bushy
n either cate
pictures it and
back to a solid
graphy revives
id tantalising
te forecourt of
t garden, there
an a marvellous
shrub which
line of hawthorn
in August. Ca
e on about 1
sp. acid soil, b
hat it "does w
- his came
spectacular pl
owers.

m, he thinks
the plant as
poor rooting
n first plant
it "soon gr
problem, in sh
it is not the na
itself: it lies
ames, impa
e you and me

in Lane F

pas

e recommended
or for places
inated by a s
ard it as a b
will agree
that anyone
miles and cer
that I grow

It holds its
t, they are s
y wind, and
emselves are d
exquisitely g
ed with lime
ing silvery leav
ire. The leaves
green and cu
orm a shapely
es need to be
ing in and und
ns, as the lea
ly firm, and
inflict a deep

is a common
3 pampas grass
writers wan
rasses are rare
have never ha
damaged. T
ers advise th

"I agree. T
love sunshin
le for shade

ok well and
y the sea but
ed to inland
s they shed

age and re

ll the
es str
n the

il ready fo

in The Bim
enjoy choo
es for layi

ur own fin

Bin Club
Old Brewer
kwar

• GL12 8NB
0454 2940

• 0454 2940

MINDING YOUR OWN BUSINESS

On the scent of a profitable pot pourri

YOU CAN SMELL the company even before putting a foot over the threshold. A pungent aroma wafts up your nostrils, as if you have sniffed into a vat of scent.

Housed on an unprepossessing industrial estate close to the Ford open prison near Arundel, West Sussex, New Era Cosmetics was started six months ago to make pot pourri, aftershave and other products made to put fragrance where it is needed.

When Bob Dowdell, then technical manager for Body Shop, decided last year to try running his own business, he was lucky to have a friend who thought the same. Brian Charman was also in the toiletries game, first with Creightons Naturally, then as a production manager for Flora.

Working for years surrounded by powerful odours has left both men's olfactory senses almost immune to the smell of perfume. Charman sits in his neat office, the smell of his cigar battling with the whiffs of scent pouring from the tiny production plant next door.

The past six months have not been without discomfort. "But there is no point in going into business unless you are worried," says Charman. "You need that adrenalin." Dowdell says they compared notes on the sleepless nights they were having. "You go into it with a certain amount of trepidation. When we started a lot of people used to phone us and say 'God, what are you doing starting up now? It's a terrible time to start a new business.'

So far, it has not proved to be so and the two directors are delighted with progress. New Era, selling mainly to the retail trade's own brands, is expected to have a turnover in its first year of £120,000 and at least break even. A mezzanine floor is being added to cope with extra work and the labour force has just been increased to five full time staff and half a dozen outworkers who do the packaging.

New Era is an example of how to start a business with a very small amount of capital. It also underlines two features

common to business start-ups. Once you get going on your own there is an awful lot to learn, even in an industry in which you have worked for many years. And projections of cash flow and where you are going to get contracts are often not worth the paper they are written on.

Neither of the two men, both in their forties, wanted to load their families with extra debt by taking out second mortgages. So the two looked for a larger company that might be interested in the project and found it in Surfachem, a supplier of shampoo ingredients, detergents and other material to the toiletries industry.

The two men and Surfachem each put in one third of the £20,000 initial capital needed to get the business off the ground. In addition Surfachem provided a loan of £45,000, at bank interest rates, to be paid off over five years. Surfachem has a one third shareholding and sees the new company's accounts every month but does not have a seat on the board.

New Era pays £15,500 rent for 2,600 sq ft of space. The busi-

Nick Garnett meets the men behind New Era Cosmetics, a small business with the sweet smell of success

ness rate is rising from £300 to £3,200 over the next five years, which Charman concedes has been a blow. To make the business viable in its first year, both men have taken a substantial salary drop.

But the two directors are confident and believe they will make a small profit in their first year. "I think we are much more optimistic now than when we started," says Dowdell. One of the reasons for that optimism is the number of orders New Era has attracted. Almost all of these have come from business contacts the two men made over years in the industry.

The company had a couple of orders before it started, including one worth £10,000. It now



Brian Charman (left) and Bob Dowdell, directors of New Era, with some of their staff and raw ingredients for a pot pourri

supplies to some ten companies, including Body Shop and a retailer with the Royal "by appointment" seal. New Era also picked up an order from Libya for two tons of aftershave which the company made to its own specification.

One main reason why pot pourri was chosen is that it requires little production equipment. Around £1,000 was spent on platform scales, and a few hundred pounds on plastic

pourri is really woodshavings sprayed with the cheapest fragrance. "It is important that if you are doing an apple pot pourri it smells like apple."

Knowing a lot about the toiletries industry has not shielded them from one of the bane of small businesses — obtaining the right raw materials at the right price. Buying the fragrances, at £20 to £25 a kilo, has proved no difficulty. But the two readily admit that they had a lot to learn about sourcing the dried flowers and leaves that go into pot pourri.

New Era buys from three importers, blending the dried marigold, rosebuds, bougainvillea and other flowers either to their own or the customer's specification. "If you want to buy five kilos that would cost you £9 a kilo," says Charman.

"If you put in an order for 50 kilos you can come down to £3 a kilo. It's a great advantage to buy large quantities where you can afford to do for which you have the work."

To lower costs, New Era is trying to source new ingredients direct from the suppliers. Dowdell estimates that the purchase cost of some ingredients is four times higher in the UK than directly from sources. "If you are talking about paying £4 a kilo from an agent in this country, you are probably able to buy that for no more than about a pound direct," one of Charman's acquaintances who visits the Far East has been asked to locate sources of ingredients there.

As far as the cash flow projections went, most of the contracts did not appear in those projections and most of those that did appear did not materialise. "A lot of the things we put down that we thought we would get have not come to fruition," says Charman.

Both believe that the company is undercapitalised but they think they will be able to develop it without asking for further loan money from Surfachem. During the first six months of building up business, New Era made a profit in only one month but is on course to make profits during the second six months. Dowdell's wife prepares the monthly accounts and the company says that the use of homeowners helps control packaging costs.

New Era intends to make its own branded products. "Again that is very much a question of finance," says Dowdell. The same issue of funding forces the company to keep its stocks at a level of no more than £1,500 at the moment, although this will rise to about 23,000.

One awkward consequence of working in a recent-established environment remains. The fragrance clings to clothing. "You have got to be careful who you stand next to in the pub after work," Charman says.

New Era Cosmetics, Unit 2, The Ford Industrial Estate, Arundel, West Sussex. Tel: 0303-731916.

Dual role pays off for a rural headhunter

NICKY CUTTS has started two businesses since she returned to the UK from Holland, to raise her family on a farm overlooking the River Tavy, near Tavistock, in Devon.

The first, Barton Executive Search, launched in 1988, was a matter of setting up on her own in the business she knew: senior executive headhunting.

The second, Barton Interim Management, started in April this year, was, says Cutts, "just a logical development".

BES made £150,000 in its second year; BIM is on target for its budgeted first year turnover of £150,000 advance deposits on the leases. Three year leases are unusual because they are more expensive, but I felt three years was long enough to see if I was going to succeed or fail," says Cutts.

"I signed up three year leases for absolutely everything I could think of — the computer, fax machines, photocopiers," says Cutts. "I even signed up for the *Encyclopaedia Britannica*. That accounted for £1,500 advance deposits on the leases.

At 39, Cutts is conscious of some of the more obvious obstacles in her way, but has learnt how to handle them. On being a woman, for example — especially working at senior levels with blue chip companies, where women are scarce, she says. "It's only a disadvantage to begin with; as soon as they see you can do the job, then it often becomes an advantage."

However, she prefers to play down her own role as a wife and mother of three and the fact that she works from home. Then there is the underlying sense of slight inferiority that seems to go with being based in the West Country. Some clients, she says, prefer to work with a locally-based company; others need to be reassured by her early in a first meeting and because clients usually suffer from the same problem, it becomes a point of empathy.

A background of more than 13 years headhunting at senior level across Europe, including setting up offices in Holland and Belgium does not go amiss, either, and after years of matching the right person to the right job Cutts has developed a habit of categorising people as sellers, doers or thinkers. She is one of the lucky ones — a seller and a doer — but it is the selling that she most enjoys and on which she concentrates her energies.

Cutts' full time staff comprises a secretary and a financial manager. A team of two consultants and five or six researchers are employed on a freelance basis.

Both BES and BIM were launched with the help of DTI grants. BES had £12,000 under the Regional Selective Assis-

tance scheme. As well as the comprehensive five year business plan needed to convince the DTI that the idea deserves help and is likely to succeed — Cutts used an expert to help her — she had to show £27,000 worth of external financing.

"I signed up three year leases for absolutely everything I could think of — the computer, fax machines, photocopiers," says Cutts. "I even signed up for the *Encyclopaedia Britannica*. That accounted for £1,500 advance deposits on the leases.

Three year leases are unusual because they are more expensive, but I felt three years was long enough to see if I was going to succeed or fail," says Cutts.

"I knew, because I had done some research before I started,

Jessica Alexander meets a woman making waves in the West Country

that there was a demand for my services, but I also knew it would take a while to get going."

Two and half years on, she is confident she has established BES as the headhunting agency of the south west. She is still handling some international business but next year, she says, the bulk of it will be local. That means she will be in contact to place around 15 senior executives with West Country-based companies.

Unusually for the recruitment business, her charges are fee-based rather than commission-based, an approach she feels is fairer as well as more important. "Often, we are advising on salaries, which you can hardly do if your own income is based on the salary of the executive she concerns," she says.

Cutts charges a minimum of £11,000 plus expenses; an average commission can take up to six months to complete.

A fan of professional advice herself, it is not surprising that she has chosen to target those who give advice — banks, solicitors, accountants, the DTI itself, local County and City Councils, chambers of commerce and local and national business media.

Their recommendation not only spreads the word of her credibility. Barton Interim Management was an almost inevitable development. Cutts had come across the concept of interim management — executive temping or leasing, "a sort of up-market Alfred Marks" — while she was in Europe, where it is widely used. "Interim managers were often placed while we were headhunting for a position," she says.

The West Country is a marvellous source of interim managers — retired businessmen who are keen for some occasional or part-time project work; or rat race escapers who are willing to take on the odd short-term project. Cutts already has 500 of them on her rolling card index, her own highly untechnical database.

"I'm not very technically minded," says Cutts. "But if anyone else is going to do the work, it needs to be on computer."

Her freelance consultants and researchers are supplied with personal computers and modems, and Cutts takes a PC and modem with her when she is travelling, too.

She has invested little more than her time in the new business, BIM, as she gets the feel of it. But she sees an enormous potential for its future as the idea catches on. "A small business can end up with the highest calibre of interim manager — people they could never normally afford or even attract," says Cutts. BIM negotiates the IM fee, depending on the length and scale of the assignment and takes a 25 per cent share.

She also uses BIM as a marketing tool for the recruitment side. Her second DTI grant will help pay for a £70,000 conversion of an outhouse into office, an improvement on the three rooms scattered about the house which are currently used.

And for the future? Says Cutts: "I'm happy running these two companies for the moment. I'll sell them eventually — for fun. Yes, that sounds like a nice round number."

In BES and BIM, Bess Barton, Bess Ferrers, Tavistock, Devon PL20 7JL Tel: 0628 562260.

MINDING YOUR OWN BUSINESS

INVESTMENT PROPERTIES

U.S. Government Agency has many real estate opportunities for sale...homes, land, stores, offices, apartment buildings, and businesses. For more information, write:

Federal Deposit Insurance Corporation
ATTN: ORE Dept - DIZ
9525 W. Bryn Mawr
Chicago, Illinois 60018 U.S.A.

BUSINESSES FOR SALE

BUSINESS FOR SALE - REPUBLIC OF IRELAND

Majority share of sale in Dublin based ceramic, floor tiles, accessories, importers and distributors with retail outlet.

Reply in full confidence to:

Groeger & Company, Chartered Accountants,
52 Merrion Square, Dublin 2. Tel No. (Dublin) 760705

IMPORTERS OF GIFTWARE AND HOUSEWARE

Turnover three million pounds & London based active with good connections seek takeover/merger partner.

Apply David Wimman, Solicitors, Craven House,

121 Kingsway, WC2, Tel: 071 831 0521 Fax: 071 831 0781

(F.A.O. V Wimman).

BUSINESSES WANTED

Creditors pressing? Gloomy about the future? Want to retire?

We are a Northern based private company with substantial funds available for acquisition or mergers of all or part of large and medium sized public and private companies.

- Any business/activity considered
- Anywhere in the UK
- Minimum turnover £1M
- 100% or part sale only
- Immediate response and decisions

Write to or telephone John Field, Abingway PLC, Grangehouse, Harrogate Road, Bradford — 0532 223222 (Principals only, please).

PERSONAL

ARE YOU SECURE FROM TERRORISM ATTACK? Our total vehicle security system could resolve the problem. Transport Electronics Ltd. (0890) 733697 Fax: 0890 732462

AUTHORS Your book published, desire to

have it republished? Write to us

Mark Hall-Smith at the Financial Times, One Southwark Bridge, London SE1 9HL.

or write to:

MARKETING, 101 Newgate, London EC1A 7EP

or fax: 071 873 3732

BUSINESS SOFTWARE

To advertise in this section please telephone 071-873 3580/071-407 5752 or write to Mark Hall-Smith at the Financial Times, One Southwark Bridge, London SE1 9HL or Fax 071-873 3079

BUSINESS PLANNING

LOTUS 123 has been the most popular business planning package for over 10 years. It's a comprehensive 24 page 5 year financial forecast can be quickly produced in one day. It's ideal for Europe, America and the Far East. It's available in English and German. It's a complete business planning system.

Price £25.00 + VAT

Lotus 123, 10 St Pauls Cross, London SE1 4EE Tel: 071-873 2444 (24 hrs)

Lotus 123, 2444 (24 hrs)

PERSPECTIVES

Lost to us all: the Mongolian Gerbil Society

Peter Miller on a directory of the sublime and the ridiculous

THE DRINKERS you saw last night in the pub staring silently into their beer may not have been morose. They may not even have been interested in the beer. It is more than likely that they were teetotalists on a field trip. Those are beermat collectors to you and me. Numbering 500 in Britain, they are one battalion in the army of associations which pursue private and corporate interests under the generalship of an honorary secretary or other officer.

There are lots of these groups: 4,000 in the UK and Ireland if you count local societies within national federations. Their interests range from the particular to the cosmic.

You can't beat the Flat Glass Manufacturers' Association for exclusiveness

micro. "To build an embassy for the Elohim, our fathers from space who created humanity scientifically" is one of the aims of the Raelian movement.

According to one measure, the English and the Celts are becoming ever more clubbable. The *Directory of British Associations* now lists more than 8,500 organisations - a 76 per cent rise on the 3,700 entries in the 1985 first edition, "and a fourfold increase in weight," says George Henderson who, with his wife Prue, edits and publishes the volume under the imprint of CBD Research.

The directory does not attempt to be comprehensive. Governing bodies serve to represent their sometimes myriad constituents and certain types of organisation - political parties, for example - are left out.

As a class, the chambers of commerce appear to be the most successful at propagating themselves (208 local, 41 overseas), though there is an impressive showing by specialist medical associations. The oldest society still functioning is the Honourable Society of King's Inns in Dublin, the institution that trains barristers in Ireland, which was founded in 1200, pre-dating the most ancient of the Oxbridge colleges by half a century. The Royal College of Surgeons of

Edinburgh has been on the go for 485 years.

Where the cachet of history is missing, weight of numbers offers distinction of another kind. Few of the 7.5m members of the Automobile Association know one another, but they are the nation's biggest club. At the other end of the scale, nothing comes close to the exclusiveness of the Flat Glass Manufacturers' Association which - by virtue of the corporate takeover and a point of law - has a membership of one.

In the past, there were more manufacturers and more members. One by one, however, the companies either ceased to trade or were bought up by the Pilkington group, which is now in sole possession of the field. Pilkington continues to find it worthwhile to belong to the FGMA because of the privileges accorded trade associations which represent an industry.

"The association acts as a post box. It allows us to have access to government documents that would not be given to a company," says Kenneth Jackson, strategic projects manager at Pilkington and the association's secretary.

Through it we are able to send representatives to sit on codes and standards committees, and it gives us links into Europe on a similar basis."

Inattention or inactivity can cause some societies to sink from view and to fall to keep in touch with their members and the public. For this reason, the *Directory of British Associations* operates a bazaar-house for uncommunicative societies in the form of a dozen blue pages at the back of the book. In them are listed the organisations that have failed to respond to queries about their pursuits and whereabouts, or which cannot be traced by other means.

When they are known to be stirring again, they are returned to the main entries. Thus, the National Federation of Badger Groups re-appeared between 1988 and 1990. The National Mongolian Gerbil Society is, alas, still lost.

To follow business and personal interests, the Directory editors themselves belong to some 20 associations. These include the European Association of Directory Publishers and - in George Henderson's case - CAMRA, the Campaign for Real Ale. He is less interested in what goes under the glass.



The Round Reading Room: generations of scholars will view its passing with a pang of regret

A new chapter opens in the life of the reading room

The British Library is to move to a new hi-tech home. What would the ghost of Enoch Soames make of it all, wonder Anthony Curtis

ON JUNE 3 1897, the Devil made a deal with the poet Enoch Soames. It was solemnised at a little French restaurant in Greek Street in London's Soho, and Max Beerbohm, who was also present, explained, it enabled Soames to peek into the future.

Behind a mask of indifference to his contemporary reputation, Soames was deeply wounded by the neglect of his work. He compensated by thinking of the voluminous

attention - commentaries, critical studies, bibliographies - his poetry was going to receive from posterity. The Devil proposed to him that in exchange for his soul he should be allowed to visit the British Museum Reading Room 100 years on - that is, on June 3 1997.

In Soames's day the Library and the Museum were one and the same. In 1973 an Act of Parliament separated them and gave the Library its own independent existence. The place Soames visited is now called the British Library Reading Room.

To discover exactly what happened when Soames made his fatal voyage in the time machine I must refer you to Beerbohm. If you have not yet read "Enoch Soames" (in *Seven Men*) you have a treat in store. The story contained a prophecy of how the Reading Room at the end of the 20th century might seem to a late Victorian. The outward appearance of the great round room was reckoned to be the same, but seated doing their research at the readers' desks were a curious collection of people much influenced in their style of dress by Bernard Shaw's *Jugger bicyle* - the catalogue and the more recent books were printed in phonetic spelling, again betraying the influence of Shaw.

That dig at Shaw and alphabet reform is but a tiny inaccuracy in the greater inaccuracy of the whole delightful fantasy. It seems likely that the Bloomsbury Reading Room will not contain the work of any poet at all in 1997, and that to fulfill his part of the bargain the Devil will have to re-direct Soames to the new general humanities Reading Room in the Euston Road.

For the British Library is about to move house. It is going from Bloomsbury to St Pancras, not far as the crow flies, but in other respects a move of some complexity.

Its new modern building, designed by Professor Colin St John Wilson, is to be fronted by a statue of Isaac Newton by Eduardo Paolozzi, is already well advanced. You can see the site next to the Shaw Theatre as you drive towards King's Cross Station. Some of the stacks are now in place in the three-level basement. It is already possible to envisage the completed building and to observe such dominant features as the large roundel windows on the outside walls.

In these rooms thick glass panes and windows in the ceilings will admit a measure of natural light - what the architect calls "ambient light". Triple-glazing will muffle noise from the ring-road. Some readers engaged upon lengthy research will have a number of "carrels" - small cells containing a chair, desk, shelves, a book or two, and a power-point for a personal computer, in which a scholar may immerse himself for days with the material on which he is working.

The first phase of the move will be completed in 1993 with the opening of the science, technology and industry collections (the latter contains 25m world-wide patents dating from the 17th century). The humanities collection - the material

we normally go to the Reading Room to look up and read - will not be moved until the completion of the second phase in 1996. By then 11m volumes will have been brought from 18 different locations around London to this single site, where they will be accommodated in more than 300 linear kilometres of shelving.

Along with the other 10,999,997 titles, Soames's three slim volumes of verse (and any critical commentary they may have inspired) will be recorded in the Online Public Access Catalogue (OPAC) and the poor fellow will have to sit at a computer terminal and key in his own name to find out the current state of Soames's studies. Should he wish to see his previous volumes again he will have to order them via the terminal - a simple matter of putting the cursor on the title required and then keying in the number of his desk and his shelf.

Eloquent voices are lamenting the passing of the domed library

Reader's ticket.

Being a data-base the catalogue will offer more features than the present printed one. Should Soames, for instance, also wish to discover what has been done during the past century on his favourite subject, diabolism, he would be able to make the catalogue give him a list of items by keying in a few more commands. In other words, the new catalogue will have a subject as well as an author index.

Eventually a red light will flash on Soames's desk to inform him that the books are ready for him at one of the collection points of the new Reading Room. This should be within about 20 minutes from the placing of the request and not, as often happens at present, after a delay of one or two days while the books are recovered and then brought by van from Woolwich or various other locations.

The two main collections

which will not be housed at St Pancras after 1996, and whose items will not be immediately

available on site, will be the National Sound Archive, which will remain at South Kensington, and the newspaper library collection at Colindale. However, runs of many newspapers will be kept on microfilm at St Pancras.

The Reading Room at

Bloomsbury has 365 desks; the

Reading Room at St Pancras

will have 500. The new Rare

Books Room (the counterpart

of Bloomsbury's North Library

where a reader has to work if

he wishes to consult an espe-

cially valuable book), the

Maps, Philatelic, and Music

Rooms will also have increased

accommodation.

In these rooms thick glass panes and windows in the ceilings will admit a measure of natural light - what the architect calls "ambient light".

Triple-glazing will muffle noise from the ring-road. Some readers engaged upon lengthy research will have a number of "carrels" - small cells containing a chair, desk, shelves, a book or two, and a power-point for a personal computer, in which a scholar may immerse himself for days with the material on which he is working.

The first phase of the move will be completed in 1993 with the opening of the science, technology and industry collections (the latter contains 25m world-wide patents dating from the 17th century). The humani-

ties collection - the world forgetting, by the world forgot.

There are undoubtedly many other advantages of St Pancras for the comfort of readers, let alone for the working conditions of the Library's staff and the storage of the books, both of which have suffered health risks for many years from the structural inadequacies and the lack of environmental control - over the temperature, humidity, pollution-content - of the present accommodation.

But there are eloquent voices to be heard lamenting the imminent passing of the great domed library designed by Panizzi, and executed by Sydney Smirke in 1857. An "unofficial committee" has been formed, chaired by Roy Jenkins, now Lord Jenkins of Hillhead, to make proposals for its continued existence as a Reading Room.

Seen simply as bricks-and-mortar, the Round Reading Room room belongs to the British Museum. The Museum is the landlord, the Library is the tenant. The same is true of the King's Library which houses the priceless collection of books and other items - it includes all four folios of Shakespeare, a first edition of *Paradise Lost* and many other treasures - assembled by George III and bequeathed to the nation by George IV on the condition that it should always be kept as a collection, housed "in a repository to be appropriated exclusively for that purpose." A room in the Museum was designed for it by Robert Smirke in 1823.

A new home for the King's Collection has been designed at St Pancras, a glass tower 17 metres high and 21½ metres long. The many visitors, as distinct from readers, whom the new Library buildings will attract will be able to visit the King's Collection in this proud tower just as the visitors to the British Museum may visit the Collection at present in its own room, one of the Museum's exhibition rooms. What future

for the collection?

The period of the Round Reading Room's great glory was the Victorian period, when it became an embodiment, in terms of education, of the notion of Self Help. For many able men and women whom circumstances had denied any higher or university education it represented a college, a common room and a place to work, free of rent and tuition fees.

Dickens is one outstanding example of a Victorian user. Karl Marx is another. For Marx it was a place where he not only worked himself but where he regularly mastered his closest colleagues and members of his family.

Two of the late Victorian

Reading Room's most impres-

sive graduates in English litera-

ture were Shaw and George

Gissing. Both spent much of

their working lives in the

Reading Room when, as

freelance writers, they were

struggling to make their

names. It was there that Shaw met William Archer, a meeting which led to Archer's recom-

mendation of Shaw to various

editors and to Shaw's career in

journalism.

A description of what the

Reading Room was like at that

period and the literary flos-

ta and jetsam one might have

encountered there is given by

Gissing in his novel *New Grub*

Street. Gissing's more intimate

recollections are to be found in

his *The Private Papers of*

Henry Ryecroft, of which the

following is an example.

"Once, on going down into

the lavatory to wash my

hands, I became aware of a

notice newly set up above the

row of basins. It ran somehow

thus: 'Readers are requested to

bear in mind that these basins

are to be used only for casual

ablutions.' Oh! the significance

of that inscription! Had I not

been more, than once, been

glad to use this soap and water

more largely than the sense of

the authorities contemplated?

And there were poor fellows

working under the great dome

whose need, in this respect,

was greater than mine."

The modern reader when

working at St Pancras, bathed

in ambient light, or pausing for

meditation at one of the

benches placed around the

perimeter, or dining in the

public restaurant, ought to

spare a thought for his heroic

Victorian predecessors and

their casual ablutions...

Archaeology

The Golden Calf which escaped

Efrat Shvily on the discovery of a rare and ancient religious relic

body is made of bronze with the legs, head and tail cast with an overleaf of white metal sheet, believed to be silver. However, polishing marks indicate the calf might have been burnt to a gold-like colour. Moreover, the calf is tiny. It weighs just 400 grams and is only 4½ inches (11.5 centimetres) long and 4½ inches tall. After it was unearthed it found a temporary home in a lunch box owned by Dr Lawrence E Stager, Dorot Professor of the Archaeology of Israel, director of the Harvard Semitic Museum and head of the delegation which discovered it.

Exactly where and when it will travel has yet to be set, but the authority intends a world audience for what is not only an ancient piece of Canaanite art but also the first image of the God's biblical

ancestor to be found. The absence of remains of the early Israelites when the Canaanite calf images was so complete that it was tempting to believe that they had been erased by God's wrath. But it was, after all, not so easy for a golden calf to survive three millennia ago.

Calves were worshipped by the early Israelites when, at moments of doubt about their newly acquired belief in the monotheistic Jehovah, they relapsed

FOOD & WINE/GARDENING

Damp dungeon of delight

IN THE railway arches underneath London Bridge station, just a few doors along Tooley Street from the "Degradation, Damnation and Death" advertised at the London Dungeon "waxwork museum of horrors", is another, more discreet cellar piled high with Stimms, Sensation and Self-Indulgence.

Between £20m and £30m worth of wine lies slumbering in 75,000 square feet of dank warehouse that constitute Trapp's Cellars (071-407-4422, fax 071-378-1746) where London's three biggest traders in seriously fine wine — Christie's, Sotheby's and Farr Vintners — keep their stocks. The auctioneers use Trapp's because they have bounded as well as duty-paid warehousing, and because Tooley Street is so close to Central London. But auctioneers have customers and many of those customers, from all over the world, now leave their wines to mature at Trapp's too.

More and more of the 150,000 wooden cases, and increasingly soggy cardboard boxes, lodged *chez Trapp* simply stay put; only the documentation betrays the fact that they might have changed hands three or four times in the last month. According to Trapp's co-founders John Davis and John Heather, 90 per cent of their 2,500 clients are private individuals who lodge their wine collections with them — either because of their own accommodation doesn't run to a cellar (and whose does nowadays?) or because they live abroad but like to take advantage of London's status as hub of the world's fine wine market.

And these are serious collectors. I'm impressed enough by a single bottle of Romanée-Conti or Petrus, but at Trapp's there are pallet-loads of a single vintage of both these rarities, making a single stack worth perhaps £20,000, the same as a new BMW 325. The BMW depreciates of course, but then it takes real effort rather than a slip of the hand to smash it.

I made my first visit to Trapp's earlier this month, and my strongest impressions were nasal rather than visual. As I entered I was overcome by wafts, not of wine, but of damp: mildewed wood and musty cardboard.

Measly Heather and Davis are yet to reap the blessings of the computer age. Such is the intricacy of their particular business — lots of mixed cases of ancient bottles, each of whose precise fill level, place of bottling and state of label must be individually specified — that the computer programme used by other wine and spirit warehouses had to be specially rewritten. I began to see why Christie's and

Sotheby's, to whom a low fill can make all the difference to bid price and customer satisfaction, are prepared to use a company that, to an outsider, looks Dickensian and smells downright damp.

"The cash and carries pulled out because of the humidity," John Heather told me said happily. "The longer goods are stored here, the more the labels suffer, but the wine's super. We still get complaints, particularly from Americans, but we say 'What are you drinking, the label or the wine?'

We wandered through the ill-lit vaults, underneath sooty stalactites of mould, past furry, grey stacks of wooden wine cases that had been there since 1882 — all of which does the wine no harm at all, of course. In fact the indomitable Lalou Bize-Leroy, head of the famous Domaine de la Romanée-Conti withdrew her entire American stock from one California warehouse

Jancis Robinson visits a mildewed warehouse full of the best vintages

because it was too dry and she was worried the corks would shrink and let in air.

Heather has only two concerns about Trapp's' dripping humidity: it can be a problem keeping their sticky labels on the wooden cases and cardboard tends to become a mulch. As for Cordon, the major Bordeaux house that has persisted with cardboard — well! He paused by a toppling stack of their second growth Château Gruaud-Larose to make his point.

Temperature of course is the other major factor, and Trapp's' co-directors maintain that the temperature in their vaults varies by a Fahrenheit degree a month at most with an average in the mid-fifties.

They started the company after their old employer across the road, the St Olaf Bonding Company, was particularly rapidly wound up by Hays Wharf early in 1982. Their St Olaf legacy includes some ancient casks of rum, a service industry article that may be almost as dated, and several valuable stacks of hundreds of bottles of 1965 vintage port that was bottled there in 1982.

"Yes, we have precious little got here," said John Heather with some satisfaction. A few plastic drums of resins and a quantity

of strange Chinese liquid he called "Mucky Lou" was the only evidence I could find of the wines from drawers lower than the top one.

It was strange to tour a cellar with someone concerned with practical aspects other than the contents of the bottles. John Heather shook his head at that pile of Romanée-Conti. "DRC is so annoying," he said. "They will not put the name of the wine on the case end, they put it on the side where we can't see it."

If most of his customers are connoisseurs of wine, he is a connoisseur of case ends, many grander examples of which lie his office, once he has removed horrid felt tip marks ("we keep telling our customers — keep your ink off the box ends") and varnished them. The trouble is, of some of those naughty wine producers, even quite smart ones like Château Mouton Rothschild, insist on stamping the vintage year on the case end instead of embossing it as better-behaved first growths such as Haut-Brion do.

"I'm much more pleased with my Haut-Brion," he confided, "they've got more character and a nice deep embossment."

Customers as well as Customs fall short of Heather's ideals of reasonable behaviour. Some like to come down and pat their wine. We don't encourage it." Some ring up wanting a couple of bottles of vintage port to be delivered for a dinner party that evening. "Well, it would be mud, wouldn't it?" Others ask for one bottle from each of a number of different cases (which seems a very understandable request to me) and Trapp's are, to their credit and unlike most warehouses, quite prepared to do this at no extra charge.

Average storage charges are £5.50 a case or part case a year plus £1 per item in a mixed case.

"We cannot pretend to be the most efficient, as our customers know," John Heather admitted. "But we are the most careful and we go to great lengths if we find something is missing or broken."

To Lindsay Hamilton of Farr Vintners, some of Trapp's' cellar staff are usefully knowledgeable about wine. I wondered provocatively whether he ever worried about how they came about their expertise? He paused and then laughed. "Well, it's not at our expense, I can assure you."

In two weeks' time Jancis Robinson provides a guide to the services offered and prices charged by Trapp's and other winehousekeepers and merchants prepared to store wine in Britain.



John Heather, director of Trapp's Cellars, enthroned in his moist kingdom on a pallet of Domaine de la Romanée-Conti

Cookery

British lamb: a real knockout

ABOUT THIS time of year, eight — or was it a dozen? — years ago, my memory hasn't been the same since, I was knocked out by a blow to the skull and was driven by my husband to hospital.

I remember being frightened that the doctor would shave my head but he managed to stitch me up without the loss of locks, jabbed me with anti-tetanus and sent me home. There I sulked myself with my apero and continued to prepare for a cookery demonstration I was booked to do in London the following day. The show must go on.

The blow that failed me was not the result of a domestic tiff, nor was I drunk and disorderly. I was in my own kitchen minding my own business. I opened the door of the freezer to get a loaf of bread and the accident occurred.

Unlike Denis Healey, I have never been attacked by George Howe, but I do know what it's like to be savaged by a dead sheep. I admit it was not a whole dead sheep, just a large, freshly-frozen leg of lamb, but the brute definitely hurled itself viciously at me from the depths of the freezer and buried itself, sharp incisor-teeth down, into my powdery head.

The experience killed my appetite for cookery demonstrations, but I have not allowed it to end the measurable practice of buying a few legs and boned middle racks of lamb at this time of year. For

this is the season when British lamb is particularly meaty, well flavoured and reasonably priced. Now is the time to feast on it and to squirrel away some more in the freezer: a cache to draw on through winter when lamb is imported and in early spring when home-produced is just too costly.

These days, however, I take the precaution of stuffing these 5 lb plus legs of lamb securely at the back of the freezer to minimise the chances of a frozen meat stack happening again...

QUINOA

September is too late to eat roast lamb with new potatoes and mint. New potatoes are no longer really new and the idea of roast potatoes seems too fatty. The smartest alternative to potatoes just now is quinoa.

Like that other stylied grain, wild rice, quinoa is the seed of a grass. This one is native to the Andes and it is more easily bought from health food shops than delicatessens. Low in carbohydrates and high in protein, tiny grains are agreeably light tasting with a sweetcorn-like flavour.

Drop the grain into just over double its volume of fast-boiling salted water and cook for about eight minutes only. Drain off any liquid remaining in the pan, season with salt and pepper, toss with a few herbs and spoon the grain round the cooked leg of lamb. That way it will be dressed by the juices that run from the joint during carving.

AUBERGINE PURÉE

A puree of aubergines makes a rich autumnal partner for roast lamb, and it rates it highly with roast chicken and partridge too. This vegetable dish can be cooked ahead and reheated in a double-boiler when needed.

For six people you will need about 2½ lb of aubergines, 1½ oz each butter and flour, and half a pint of milk.

Grill or bake the aubergines

until the flesh feels soft underneath the blackened skins. Strip off the skins, chop the flesh roughly and squeeze out excess juice. Process the flesh to a puree, beat it into a very thick white sauce made with the butter, flour and milk, and simmer for several minutes to get rid of the raw floury taste.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

Philippa Davenport

until the flesh feels soft underneath the blackened skins. Strip off the skins, chop the flesh roughly and squeeze out excess juice. Process the flesh to a puree, beat it into a very thick white sauce made with the butter, flour and milk, and simmer for several minutes to get rid of the raw floury taste.

Allow 1 to 2 oz per person. Drop the grain into just over double its volume of fast-boiling salted water and cook for about eight minutes only. Drain off any liquid remaining in the pan, season with salt and pepper, toss with a few herbs and spoon the grain round the cooked leg of lamb. That way it will be dressed by the juices that run from the joint during carving.

Giles MacDonogh

nothing better than a season-

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them. However, I like the partnership of lamb and lentils even more — and lentils cannot be bought in cans as far as I know.

Little green lentils from Le Puy are the best to eat and the loveliest colour. I particularly like them when their peppery meanness is aromatised with a dash of orange zest and lovage.

Because I am so greedy for them, I allow ½ lb lentils for four people but maybe this is too much.

Turn the lentils in a splash of oil with a smattering of chopped and slightly softened onion. Add a sliver of garlic crushed with salt, a celery stalk cut into crescent moon slices, a tablespoon or two of shredded lovage leaves, the juice and finely grated zest of an orange, and 1 pt of water.

Cover and simmer gently until tender, about 40 minutes.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them. However, I like the partnership of lamb and lentils even more — and lentils cannot be bought in cans as far as I know.

Little green lentils from Le Puy are the best to eat and the loveliest colour. I particularly like them when their peppery meanness is aromatised with a dash of orange zest and lovage.

Because I am so greedy for them, I allow ½ lb lentils for four people but maybe this is too much.

Turn the lentils in a splash of oil with a smattering of chopped and slightly softened onion. Add a sliver of garlic crushed with salt, a celery stalk cut into crescent moon slices, a tablespoon or two of shredded lovage leaves, the juice and finely grated zest of an orange, and 1 pt of water.

Cover and simmer gently until tender, about 40 minutes.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

Giles MacDonogh

nothing better than a season-

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them. However, I like the partnership of lamb and lentils even more — and lentils cannot be bought in cans as far as I know.

Little green lentils from Le Puy are the best to eat and the loveliest colour. I particularly like them when their peppery meanness is aromatised with a dash of orange zest and lovage.

Because I am so greedy for them, I allow ½ lb lentils for four people but maybe this is too much.

Turn the lentils in a splash of oil with a smattering of chopped and slightly softened onion. Add a sliver of garlic crushed with salt, a celery stalk cut into crescent moon slices, a tablespoon or two of shredded lovage leaves, the juice and finely grated zest of an orange, and 1 pt of water.

Cover and simmer gently until tender, about 40 minutes.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

Giles MacDonogh

nothing better than a season-

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them. However, I like the partnership of lamb and lentils even more — and lentils cannot be bought in cans as far as I know.

Little green lentils from Le Puy are the best to eat and the loveliest colour. I particularly like them when their peppery meanness is aromatised with a dash of orange zest and lovage.

Because I am so greedy for them, I allow ½ lb lentils for four people but maybe this is too much.

Turn the lentils in a splash of oil with a smattering of chopped and slightly softened onion. Add a sliver of garlic crushed with salt, a celery stalk cut into crescent moon slices, a tablespoon or two of shredded lovage leaves, the juice and finely grated zest of an orange, and 1 pt of water.

Cover and simmer gently until tender, about 40 minutes.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

Giles MacDonogh

nothing better than a season-

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them. However, I like the partnership of lamb and lentils even more — and lentils cannot be bought in cans as far as I know.

Little green lentils from Le Puy are the best to eat and the loveliest colour. I particularly like them when their peppery meanness is aromatised with a dash of orange zest and lovage.

Because I am so greedy for them, I allow ½ lb lentils for four people but maybe this is too much.

Turn the lentils in a splash of oil with a smattering of chopped and slightly softened onion. Add a sliver of garlic crushed with salt, a celery stalk cut into crescent moon slices, a tablespoon or two of shredded lovage leaves, the juice and finely grated zest of an orange, and 1 pt of water.

Cover and simmer gently until tender, about 40 minutes.

That is all there is to it — but it is wise to stir the mixture occasionally and to check whether a drop more water is needed. Season with salt at the end. If you have no lovage add pinches of celery salt and curvy spices when cooking.

Giles MacDonogh

nothing better than a season-

ing of salt, pepper, cumin and coriander seed. The finished dish should be the deliciously sloppy consistency of a good French paté.

LENTILS WITH ORANGE & LOVAGE

Flageolet beans are a favourite pulse to serve with lamb in France and I often cannot resist the lazy appeal of unpeeling a can of them.

Property

Everything in the garden is golden

Michael Hanson looks at Lutyens houses in landscaped settings

MOST PARTS of Surrey have recently been re-assessed by English Heritage, as a result of which there are now about 8,000 buildings in the county listed for their architectural or historic interest. High on the list of desirable properties in Surrey is the combination of a country house designed by Sir Edwin Lutyens (1869-1944) with a garden landscaped by Gertrude Jekyll (1843-1932).

As a result of the re-survey (and diligent lobbying by the Lutyens Trust), which was formed in 1985 "to protect the spirit and the substance" of his work, more than 60 Surrey houses and cottages by Lutyens are now listed, including the one he designed in 1896-97 for Jekyll, Munstead Wood, a Grade I house now owned by Sir Robert Clark, the former chairman of Hill Samuel.

Its 10 acres of gardens are also listed as Grade I, though English Heritage's register of historic gardens is much more skimpy, there being only 23 gardens in the whole of Surrey that are at present listed, including another of the golden partnerships of Lutyens and Jekyll at Orchards, Bramley.

Attempts are being made to form a Surrey Gardens Trust to promote an interest in parks and gardens of value in the county and to ensure their conservation. Largely the initiative of Mike Dawson, assistant county planning officer, who came to Surrey two years ago from Avon, where he had been involved in the Avon Gardens Trust, a steering committee of the embryo Surrey Gardens Trust has been set up by Brenda Lewis, a planning officer experienced in garden his-

tory and conservation who was appointed a year ago.

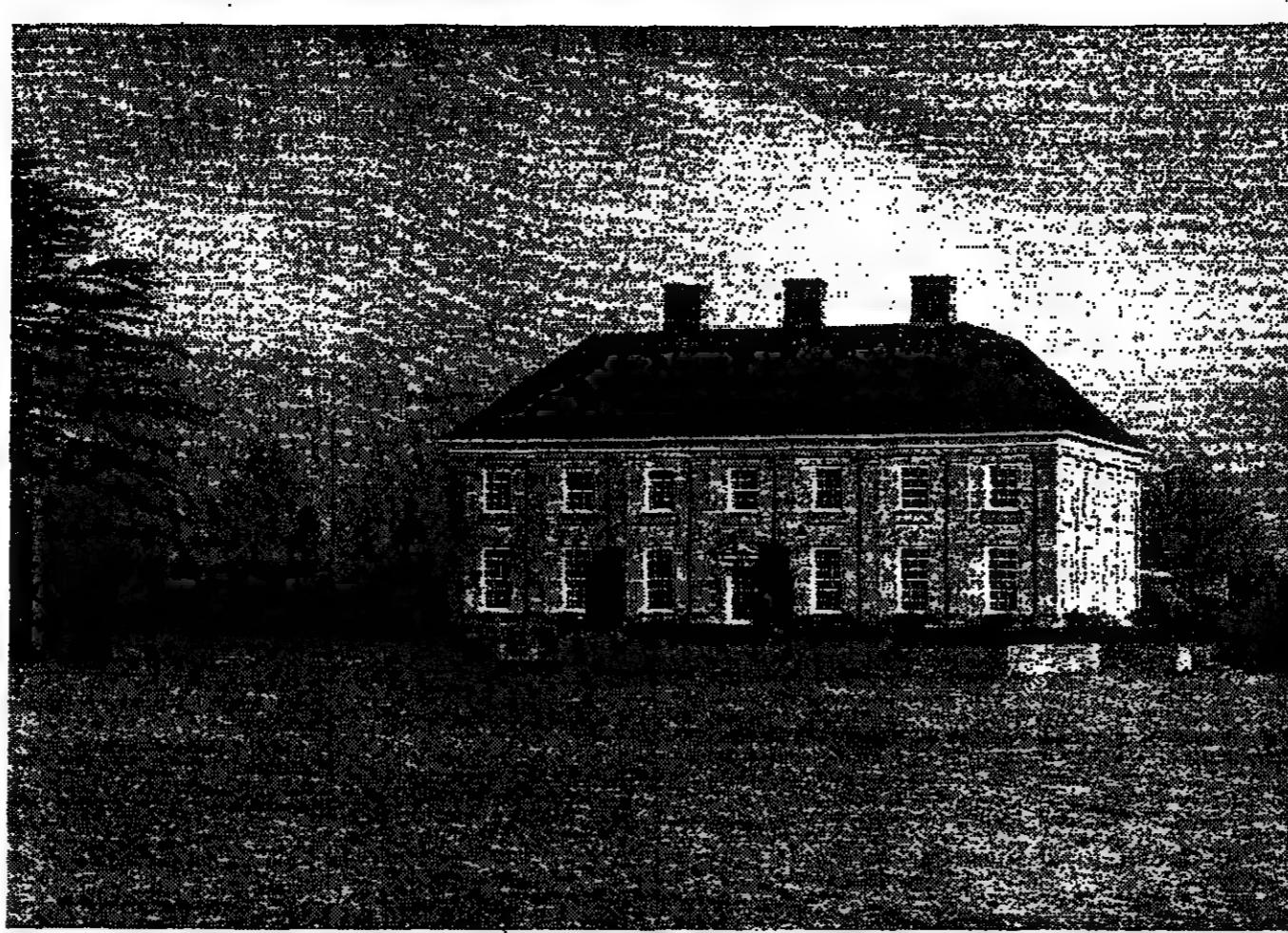
"There are probably 500 gardens of historic interest in Surrey," she says. "Many of them are in need of sympathetic restoration, and there will be a big role for volunteers to play in lending a hand with practical conservation work when the Trust is launched some time next spring."

Anyone who would like to be involved with the Surrey Gardens Trust should contact Brenda Lewis at Surrey County Council (081-541-9419). Anyone interested in supporting the Lutyens Trust should contact the honorary secretary (0865-703276).

Houses such as Munstead Wood and Orchards are not for sale, but one Lutyens house in Surrey that is on the market at the moment is Fishers Hill, in Hook Heath Road, Woking. Not the whole house, however, for it was divided into three units in 1947, and its converted stable and gardener's cottage were sold off separately.

The Woking office of Mann & Co (0483-773101) are inviting offers of £455,000 for the principal portion of the house, which has five bedrooms and the original drawing room and dining room, but not, unfortunately, the original entrance hall and main staircase. It also has an acre of garden, much of it wooded, so that it is impossible to see another house — except those on one part of Fishers Hill.

The agents have got their history slightly wrong, for the house was built in 1901 for Gerald Balfour, not his elder brother Arthur, who was Prime Minister in 1902-05. Gerald married Lady Betty Lytton, who was Edwin Lutyens' sister-in-law. Gertrude Jekyll laid out the gardens, but unfortunate-



Lutyens' house for rent: Mells Park, Somerset, a Grade II* house designed in 1923-25 is available for letting at £40,000 a year.

nately the main part of these belongs to another part of the house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

Later, the house came to be known as Corners, presumably because it stood at one corner of the Berners' 10,000-acre Woolverstone Park estate, which was bought by Lord Nuffield in 1927 for £155,000. Nuffield gave the estate to the University of Oxford, which

isately the main part of these belongs to another part of the house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it as a home for fallen women ("women in need" was the euphemism at the time), run for her by an order of nuns.

In Northumberland, the Newcastle upon Tyne office of

the University of Oxford, which

had no use for the Grade II

house, though Fishers Hill still has the original Lutyens pergola and terrace at first-floor level, because the house is built on a steeply sloping site.

Another house that Lutyens designed in 1901, this time in Suffolk, is now known as Woolverstone House, but was originally built as St Peter's Home by Charles Berners — or rather Mrs Berners, who founded it

COUNTRY PROPERTY

SAVILLS



OXFORDSHIRE 626 ACRES

Chipping Norton 3 miles, London 75 miles.
Lot 1: 8 bedroomed manor house with stables and cottage. 35 acres.
Lot 2: 6 bedroomed farmhouse, 2 cottages and 566 acres of farmland and woodland. Extensive farm buildings with development potential.
Lot 3: 24 acres of accommodation land.
Lot 4: Attractive 3 bedroomed period cottage.
All a whole or 4 lots.
Savills, Sloane Street, 071-736 6822,
County: Crispin Holborow,
Bambridge, (0295) 263535.



WILTSHIRE - Wilton

Salisbury (Waterloo 1 hr 27 mins) 3 miles, London 85 miles.
Fine Georgian house with beautiful grounds adjoining the River Nadder.
Reception hall, 3 reception rooms, 7 bedrooms, 2 bathrooms, 6 store rooms. Ancillary accommodation. Oil central heating. Garage. Planning consent for use of part as offices.
Indoor swimming pool. Attractive grounds. Water gardens. Frontage to River Nadder. Fishing rights.
About 1.8 acres.
Region 2800.000.
Savills, Salisbury. (0722) 28422.
Contact: Christopher Lucy.



LINCOLNSHIRE 63 ACRES

Lincoln 14 miles, Louth 15 miles, Market Rasen Race Course 2 miles.
A superb agricultural farm with excellent buildings.
Fully modernised detached farmhouse. An extensive range of farm buildings including cattle yards and grain storage for 500 tonnes. 3 acre reservoir currently stocked with trout.
Rents of £200,000.
Savills, Lincoln. (0522) 534691.
Contact: Andrew Pearce.
COMMERCIAL, AGRICULTURAL AND RESIDENTIAL SURVEYORS

SAVILLS



RIVER TWEDD

Lower Floors Fishings
Edinburgh 45 miles.
One of the Tweed's most famous and productive beats.
16 miles double bank. Fishing for 4 rods on 9 named pools. 16 price weeks, ten year average 281 salmon. Weekly fishing rights offered for sale by syndication.
Units of 4 rods from £15,000 per rod.
Savills, Edinburgh. 031-226 6961.
Contact: Jimmie Burgess-Lamont.
COMMERCIAL, AGRICULTURAL AND RESIDENTIAL SURVEYORS

Jackson-Stops & Staff



South Yorkshire, 3 acres
Doncaster 8 miles, A1 1/2 miles.
Shillbrook Hall. An exceptional Listed Grade II Queen Anne country house.
Panelled hall, 3 reception rooms, study, fitted kitchen, 6 bedrooms.
Panelled hall, 3 reception rooms, study, fitted kitchen, 6 bedrooms.
2nd floor flat. Basement. Park-like garden and grounds.
In all about 3 acres.
Apply: 23 High Petergate, York, YO1 2HS. Telephone: (0904) 625033.

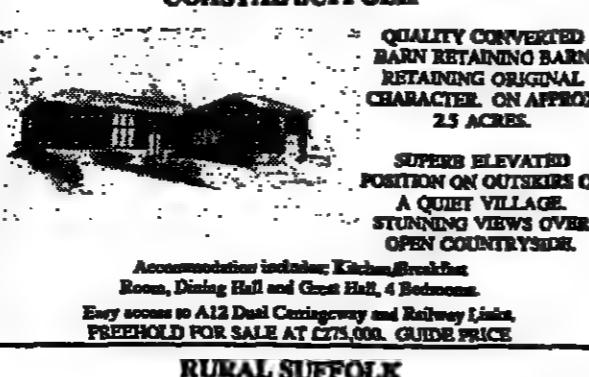
FREE TIME OWNERSHIP WEEK WORTH £5,900

Including R.C.L. Membership with every Holiday Investment Home Purchased during our AUTUMN SALE
Big reductions for Autumn Completion
Investment Packages £34,900 to £2 million.
CGT Roll Over Relief.
Full Management.

Sales Package: Domaine Leisure, Domaine House, Guitrel, Penzance, Cornwall, TR20 8YN. Tel: (0736) 60260. Fax: (0736) 51219.

William H. Brown

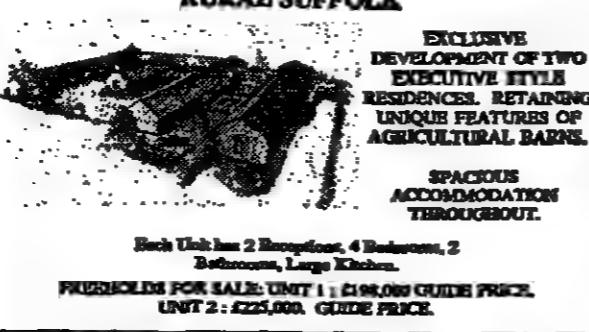
COASTAL SUFFOLK



QUALITY CONVERTED BARN RETAINING BARN RETAINING ORIGINAL CHARACTER ON APPROX 2.5 ACRES.

SUPER ELEVATED POSITION ON OUTSKIRTS OF A QUIET VILLAGE. STUNNING VIEWS OVER OPEN COUNTRYSIDE.
Accommodation includes: Kitchen/Breakfast Room, Dining Hall and Great Hall, 4 Bedrooms.
Easy access to A12 Dual Carriageway and Railway Line.
FREEHOLD FOR SALE AT £75,000. GUIDE PRICE

RURAL SUFFOLK



EXCLUSIVE DEVELOPMENT OF TWO EXECUTIVE STYLE RESIDENCES RETAINING UNIQUE FEATURES OF AGRICULTURAL SAVINGS.

SPACIOUS ACCOMMODATION THROUGHOUT.

Each Unit has 2 Bedrooms, 4 Bedrooms, 2 Bathrooms, Large Kitchen.
FREEHOLD FOR SALE: UNIT 1: £190,000 GUIDE PRICE.
UNIT 2: £225,000 GUIDE PRICE.

ALL INQUIRIES TO: 26 MARKET HILL, FRAMINGHAM, WOODBRIDGE, SUFFOLK, IP15 9AH. TEL: (0720) 722921.

FINLAYSON HUGHES

Ardgay, Sutherland
THE GLEDFIELD ESTATE

Inverness 40 miles, Inverness Airport 1 hour
An excellent sporting, agricultural and residential estate in a beautiful and accessible area, extending to about 5650 acres. Gledfield House has 4 reception rooms and 5 bedrooms, extensive domestic offices and 3 flats. There are 7 houses and cottages, 5 with vacant possession.

The home farm is about 500 acres with 170 acres of plantations and potential for further afforestation. Red, Roe and Sika deer stalking, rough grouse shooting and 1 mile of single bank salmon fishing on the River Carron.

Estates Office, Ardgay, Sutherland IV24 3DH. Tel: (08632) 553



FOX & SONS
THE ESTATE AGENTS

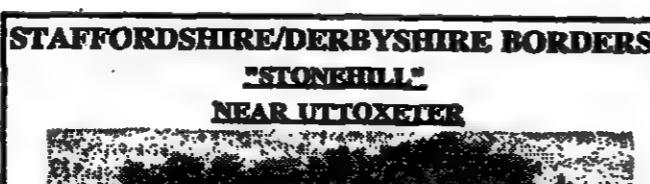
AUTUMN AUCTION OF NEW FOREST PROPERTIES

Principal Lot: Fine Courtyard of Barns with Detailed Consent to convert into a Magnificent Country House, having lovely Trout Stream, 2 Lakes, Woodland, Copes and Pasture - approx 105 ACRES.

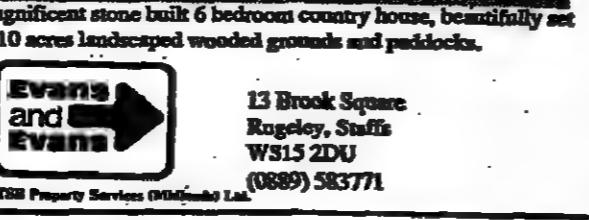


An exciting opportunity to create a Small Country Estate with splendid Sporting Amenities, plus
A Variety of Other Lots including Cottages for improvement, and pony paddocks.

AUCTION DATE 11TH OCTOBER, 1990
for brochures apply to our Hampshire Fordingbridge Office
(0425) 652121



STAFFORDSHIRE/DERBYSHIRE BORDERS
"STONEHILL"
NEAR UTTOKETTER



Magnificent stone built 6 bedroom country house, beautifully set in 10 acres landscaped wooded grounds and paddocks.

EVANS AND EVANS
THE Property Services (Midlands) Ltd.

13 Brook Square
Rugby, Staffs
WS15 2DU
(0533) 583771

BIDWELLS Chartered Surveyors

INVERNESS-SHIRE

Newtonhill
Woodlands

758 acres

An extensive mixed age commercial forest set in magnificent countryside overlooking the Beauly Firth.

Excellent potential house site in the forest.

Bidwells Perth (0738) 30666

Cambridge, Norwich, Ipswich, London, Perth

Sept 1990 150

REIGATE

Pilgrims Place

SURREY

Brokes Road

THE PREMIER LOCATION FOR HOUSES RICH IN CHARACTER

A COLLECTION OF 9 HOUSES
OF DESIGNS CHARACTERISTICALLY UNIQUE
TO BERKELEY HOMES.Probably Reigate's finest location
Prices from £325,000 - £435,000

We have just commenced the building of these luxury houses, now is your chance to personalise your own home. Subject to an early reservation, a wide selection of choices is available, enabling you to create the house of your dreams.

A particularly unique feature of these properties is the concrete first floors with solid blockwork partitioning providing excellent sound insulation.

BLACK HORSE AGENCIES
Gascoigne-Pees
6 Church Street, Reigate, Surrey
Tel: (0737) 244422
New Homes

Berkeley
HOMES
Berkeley Homes Ltd, Surrey & Thames Valley,
68 Baker Street, Weybridge, Surrey KT13 8AL
Telephone: 0932-853455

BIDWELLS Chartered Surveyors

North-West Essex



Saffron Walden

Audley End Station 1 1/2 miles, M1 1 miles, Stansted Airport 8 miles
One of the finest houses in this picturesque market town.
Hall, 3/4 reception rooms, 4 principal bedrooms, 4 secondary bedrooms (including flat), 3 bath/shower rooms, cobbled yard with garaging, barn with permission for conversion. Beautiful garden. About 1 acre.

Bidwells Cambridge (0223) 841842



Wicken Bourton
Saffron Walden 4 miles, Audley End station 3 miles, M1 10 miles.
An historic Jacobean house with beautiful gardens.
Hall, 4 reception rooms, 6/7 bedrooms, 3 bathrooms, 3-bedroom self-cottage, heated swimming pool, hard tennis court, paddock, stable, garage. About 7/8 acres.

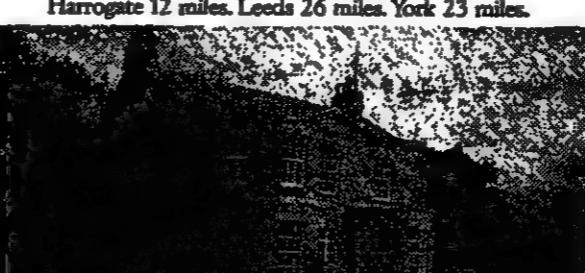
Bidwells Cambridge (0223) 841842

Cambridge, Norwich, Ipswich, London, Perth

CLUTTONS

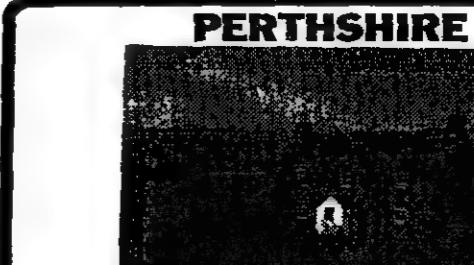
NORTH YORKSHIRE

Bishoppton, Near Skipton.
Harrogate 12 miles, Leeds 26 miles, York 23 miles.



A superb Grade II Listed Georgian residence set in an elevated south facing position overlooking open countryside.
Reception hall, sitting room, drawing room, dining room, billiards room, study, laundry, cloakroom, kitchen, master bedroom suite, 5 further bedrooms and 2 bathrooms. Stable courtyard, double garage and garden stores. Hard tennis court. Well maintained landscaped gardens to 4 sides and small adjoining grass paddock.
In all some 2 acres.

15 acres of grazing land also available for rent.
Freehold for Sale by Private Treaty.
HARROGATE OFFICE: (0423) 523423



LUNDON FARM, ABERFELDY
Traditional Stone Built Farmhouse.
3 Public Rooms, 3/4 Bedrooms, Bathroom.

EXTENSIVE OLD STEADINGS WITH PLANNING PERMISSION FOR CHANGE OF USE TO 6 SELF CATERING UNITS.
Garden, Paddocks and 6 Acre Field Adjoining.

ALL SET IN A WONDERFUL RURAL LOCATION WITH MAGNIFICENT VIEWS AND TROUT FISHING IN THE RIVER TAY.

5.75 ACRES IN ALL.
FOR SALE AS A WHOLE OR IN 3 LOTS.

JOINT AGENTS: Playne & Hughes, Estate Office, Aberfeldy, PH12 2NE.
Tel: 0387 20904.
John Clegg & Co.,
2 Rutland Square, Edinburgh, EH1 2AS. Telephone: 0131 229 8888

LONDON PROPERTY

CLUTTONS

CHISWICK MALL, LONDON W4
STRAWBERRY HOUSE

One of the finest houses offered in Chiswick Mall in recent years. Grade II Listed. Strawberry House is a delightful early Georgian House, famed for its beautiful walled gardens. Set in just under one half of an acre it offers spacious and family accommodation with glorious southerly views over Chiswick Eyot and the River Thames.

5 Bedrooms, 3 Bathrooms, Reception Hall, 4 Reception Rooms, Cloakroom, Kitchen and Utility, Wine Cellar. Single and Double Garage. Landscaped Walled Garden with Ponds and Large Terrace. Front Garden with approximately 100ft frontage onto River Thames.

FREEHOLD FOR SALE REVISED PRICE
OFFERS IN THE REGION OF £1,400,000 (Sole Agent)
Mayfair Office, Tel: 071-408 1010
45 Berkeley Square, London W1X 5DB.

COUNTRY PROPERTY

Humberts

Dorset Dorchester 8½ miles, Bridport 10 miles, Sherborne 18 miles.



A very fine period residence set in lightly wooded grounds. 4 reception rooms, 6 bedrooms, 4 bathrooms, 2 dressing rooms, cloakroom, kitchen/breakfast room. Oil central heating. Garage and outbuildings. Cottage. Garden and grounds. Offers invited for the Freehold with about 2 acres.

Details: Sherborne Office, Tel: (0335) 812223 or London Office 071-629 6700

On the instructions of THE BUCLEUCH ESTATES LTD

The Drumlanrig Castle Fishings

River Nith, Thornhill, Dumfriesshire, South West Scotland

Dumfries 14 miles, Carlisle 45 miles, Edinburgh/Glasgow 60 miles.



An exceptional opportunity to secure a 21 year lease of a specified week on the exclusive private under the Drumlanrig Castle, Thornhill, Dumfriesshire. Combined Middle and Lower Seats: 2½ miles double bank 4 rods. Only 12 weeks on offer: September, October and November. Three year average: 10 salmon per week.

Details: London Office, Tel: 071-629 6700

Dorset/Wiltshire/Somerset border

Gillingham (London Waterloo about 2 hours), A303/A344 4 miles, Shaftesbury 5 miles, Salisbury 25 miles.



A well-converted 16th Century Listed manor house with extensive grounds and outbuildings. Comprising: 1/2 reception rooms, 2/3 bedrooms, bathroom, fitted kitchen. Medication Award holding. L.R. Car parking. Prices from £42,000 freehold.

Details: Sherborne Office, Tel: (0374) 584822

110047875PK

Humberts Chartered Surveyors

Residential Commercial Agricultural & Leisure

London Office: 25 Grosvenor Street, London W1X 8FE

Fax: 071-493 4346 Telephone: 071-629 6700

Hampshire River Hamble M27 3 miles, Southampton 7 miles.



A distinctive and well appointed house in an outstanding setting with frontage to the River Hamble. Hall, 4 reception rooms, 5 principal bedrooms, 3 bathrooms (2 en-suites), 3 further bedrooms and bathrooms, cloakrooms, kitchen/breakfast room, utility room. Garage and studio. Gardens of about 1½ acres overlooking The Hamble. For Sale Freehold.

Details: London Office, Tel: 071-629 6700

0103446200CA

Devon Dartmoor National Park

Exeter 9 miles, A30/A35 3 miles.



Canonsleigh — a spectacular classic manor in an historic park setting. 7 reception rooms, 8 principal bedrooms, 5 bathrooms, 7 secondary bedrooms and bathroom, study, utility, kitchen and domestic quarters, extensive lower ground floors and vaulted cellars. Indoor pool. Period lodge. 59 acres of parkland and natural woodland (shooting rights over approximately 600 acres and fishing rights on the River Teign). Ideal for residential or hotel/leisure use. In all about 89 acres.

Details: Exeter Office, Tel: (0392) 211655 or London Office 01034478100

104 acres



A magnificently situated 17th Century manor house with a range of farm buildings, woodland and pasture of high security value. 4 reception rooms, 6 bedrooms, 2 bathrooms. A redundant church and access to two fishing lakes.

£250,000 for the Freehold with about 104 acres.

Details: Blandford Office, Tel: (0258) 482243

01034478100

MICHAEL EVERETT & CO

WOODCOTE PARK, EPSOM, SURREY

Probably the finest residential property in the Epsom area and set within six acres of parkland gardens, backing directly onto the grounds of the R.A.C. Country Club.



Built in 1920 by a master builder for his own occupation. This magnificent family home was constructed using the finest materials possible, particularly a wealth of oak throughout. Accommodation comprises: five superb reception rooms, excellent Bechmann Oak Kitchen, two principal bedroom suites with four further bedrooms and family bedroom. Meticulously maintained gardens. Four car garage block. Sports Complex with heated pool, tennis court, bar and barbecue. Four bedroom Staff Cottage. Direct access to R.A.C. Golf Course. Considerable development potential. All enquiries to:

58 The Street
Epsom
Surrey
0372 7247758 The Street
Ainshead
Surrey
0372 273448

WOODLANDS FOR SALE

UPPER HEILAR FOREST ESTATE
BIRKBECK, WEST YORKSHIRE
63.5 acres

An interesting woodland estate of fine quality with an old farmhouse, fishing and considerable amenities. Planted between 1971 and 1974 largely with Sitka spruce. It is now at the production stage.

An excellent location for timber markets and the sporting rights are included.

For sale as a whole or in 4 lots

Asking price: £350,000

Offers over £150,000 (£205/acre)

RIVOCK EDGE WOOD
NR LILKLEY, WEST YORKSHIRE
49.4 acres

A major forestry investment and leisure opportunity close to the Yorkshire Dales. Planted since 1973 the spruce, larch and pine crops are fully established. Sporting rights included.

Excellent internal road and swift access to the national motorway network. Leeds 20 miles and Manchester 37 miles.

Price guide: £295,000

Contact: The Bury, Church Street, Chesham, Bucks

Tel: 0494 784711

BADGERS LAW
BERWICKSHIRE
46.8 acres

A young predominantly coniferous wood in attractive countryside on the Lammermuir Hills. Planted in 1981 and 1982 with Sitka spruce, which can be expected to enter a period of rapid growth over the next few years. Sporting rights included.

Offers over £150,000 (£205/acre)

HIGH GLENMUIR
NR CUMNOCK, AYRSHIRE
30.4 acres

A useful and extensive area of young conifer woods in a highly accessible area of South Scotland, close to market. Developed road system. Sporting rights included.

Offers over £75,000 (£246/acre)

John Clegg & Co.

2 RUTLAND SQUARE, EDINBURGH, EH1 2AS. TELEPHONE: 031 222 8000

A division of William H. Brown

1491101520
Elegance awaits you
at Ascot

PRINCESS GATE
ASCOT
BERKSHIRE

COLOUR BROCHURE AVAILABLE

SHOW HOUSE NOW OPEN

Twelve freehold houses built to a high specification set in over five acres of landscaped ground with a high level of security

4 bedrooms, 2 bathrooms, dressing room, shower room, 3 reception rooms, luxury kitchen, Double garage. Video-controlled electric gates. Hard tennis court.

Prices from £295,000

Overseas Visitors
Please Tel: Brenda Pegg on
0923-774066

Arrangements can be made for collection
by chauffeur driven limousine

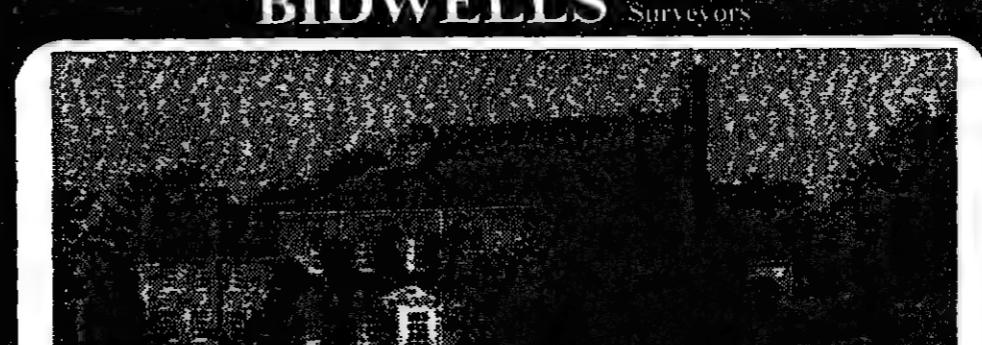
• PRINCESS GATE •



PRUDENTIAL
Property Services

Telephone: 0344-25023
41 High St., Ascot, Berkshire SL5 7HG

BIDWELLS Chartered Surveyors



ESSEX—Great Waltham

Chelmsford 6 miles (Liverpool Street 40 minutes),

Bishops Stortford 19 miles, M11 15 miles

An important Queen Anne house with magnificent gardens & grounds

Galleried Hall, 5 reception rooms, 8 bedrooms, 4 bathrooms, self-contained North wing, Paddock, heated swimming pool, hard tennis court and river frontage.

Essex Barn suitable for conversion subject to the necessary planning permission. About 17 acres

Bidwells Cambridge (0223) 841842

Cambridge • Norwich • Ipswich • London • Perth



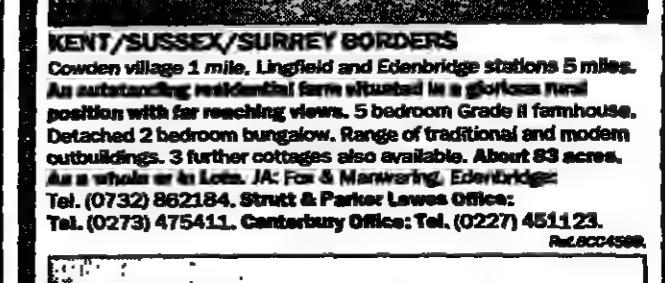
THE JAPANESE PAVILION offers a unique life style in the heart of the prestigious Coombe Hill private estate. This stunning building has only 7 enormous 3 bed apartments, with a lush range of fixtures and fittings, overlooking 6 acres of Japanese water gardens. Each apartment has 2 spaces in the underground garage with lift access to all floors, a highly sophisticated security system and daily Janitorial service. Prices from £550,000. Within the grounds is the equally impressive West Lanes. Magnificent 3 bed apartments designed in the grand English manner. Prices from £395,000.

SHOW APARTMENTS
Solely designed for you to view. Open daily 11-5pm
at the Japanese Pavillion, Coombe Hill (off Warren Road),
Kingsgate, Surrey. Tel: 081 547 1684/3396 for details.

Octagon Developments, West Lanes,
Coombe Hill, Coombe Hill, Surrey. Tel: 081 547 4131

OCTAGON

STRUTT & PARKER



KENT/SUSSEX/SURREY BORDERS

Cowden village 1 mile, Lingfield and Edenbridge stations 5 miles.

An outstanding residential farm situated in a glorious rural position with far reaching views. 5 bedroom Grade II farmhouse.

Detached 2 bedroom bungalow. Range of traditional and modern outbuildings. 3 further cottages also available. About 63 acres.

As a whole or in lots. JA: Fox & Marwood, Edenbridge: Tel: (0732) 882284. Strutt & Parker Lewes Office: Tel: (0273) 475411. Canterbury Office: Tel: (0227) 451123.

Ref: 10004588



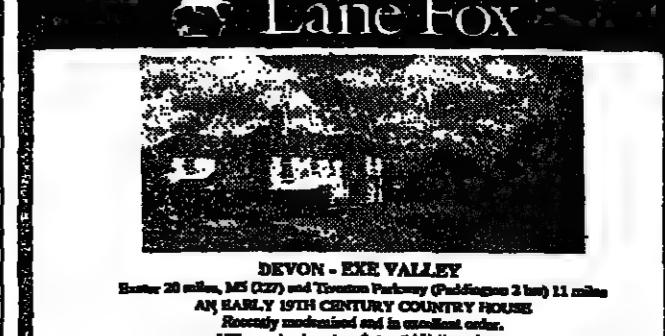
HERTFORDSHIRE

Old Wheyn 0.5 mile, Wheyn North Station 1 mile. Wheyn City 2 miles. A most attractive residential farm in an unspoilt but very accessible location. Farmhouse with 3

reception rooms, 4 bedrooms and bathroom. Pair of 2 bedroom cottages. Detached 3 bedroom cottage. Range of traditional and modern farmbuildings. Arable pasture and woodland in a ring fence. About 500 acres. JSA: Faulkner, Kings Langley: Tel: (0992) 268186. Strutt & Parker St. Albans Office: Tel: (0727) 40285. London Office: Tel: 071-629 7282.

Ref: 10004588

Lane Fox



DEVON - EXE VALLEY

East 20 miles, West 15 miles. Exeter 10 miles. Tiverton 3 miles (2½ miles) 11 miles.

An early 19th century country house.

Recently modernised and in excellent order.

Village edge location. Splendid Valley views.

3 Reception Rooms, 7 Bedchambers, 5 Bath/Shower Rooms.

Incorporating Ground/Cherry Wing - easily adapted to one large house.

ACRES 4. ACHE
REGION C59/6000

TIVERTON OFFICE: 0884 242660

Head Office: 15 Half Moon St, London W1

BLACK HORSE AGENCIES
Frank Innes

NOTTINGHAM TEL 0602-505081

TRAVEL



Above: Skiers await the instructions of their guide in New Zealand's Southern Alps

Right: A light aircraft carries travellers over the Alps and on to some challenging and beautiful skiing



Glyn Garside

An August winter on the ski slopes

"STRENGTH MATE," said Dudley, the builder from Melbourne, as the roar of the helicopter died away. "This has just got to be the most beautiful place in the world!" High praise from an Australian in New Zealand.

Gazing from the top of the wild and beautiful Tyndall Glacier, across the myriad of jagged peaks that seemed to stretch from one side of New Zealand's South Island to the other, and dazzled by a billion snowflakes glittering in the wintry August sunshine, it was difficult not to agree. New Zealand's Southern Alps, it is claimed, are bigger than those of France, Switzerland, Austria and Italy combined.

Earlier, as our propeller-driven aircraft flew low into Queenstown, we had seen close-up their full extent including the highest peaks, Mount Cook (12,349 ft) from which the airline we flew with takes its name, and Mount Aspiring (9,955 ft). Unusually the Mount Cook Line - more than 80 per cent owned by Air New Zealand - also owns the two local skiing areas, Coronet Peak and the saw-toothed Remarkables area, opened in 1985.

Queenstown, on the shores of Lake Wakatipu, likes to give itself the title of Ski Capital of the South

Pacific. The snow is much more reliable here in South Island than in the North where the ski areas tend to be larger but attract fewer skiers because of capricious weather.

New Zealand doesn't have ski resorts the way Europe or even Australia does. It has ski fields. You have to drive some distance each day to get to the skiing - usually along rough tracks with completely unguarded and sometimes terribly dangerous sheer drops. Indeed, on the long haul from Methven up to Mount Hutt, the road is so exposed that on at least one occasion a car has been blown over the edge - fortunately without its occupants. Other motorists have occasionally misjudged the road and driven off the edge, with fatal results. Having heard this on the morning of my visit, my return journey, in an evening mist, was a touch unnerving.

But it is helicopter skiing that has really put New Zealand on to the international skiing map, and the various heli-ski companies attract an international clientele dominated by the Japanese. These dogged, efficient skiers have an extraordinary determination to finish a descent no matter how tough the conditions. The Japanese are so much part of the skiing scene down under that the

mountain guides often carry a list of essential Japanese words and their English equivalents. Skiing through avalanche and crevassed terrain is dangerous enough without language problems. Phrases like "One at a time" (Eiter Zatsu) must be understood at all times. A grasp of essential words such as "Stop", "Left" and "Right" are pretty crucial too: for below us, the glacier beckoned, luring us into the network of chillingly beautiful crevasses that decorated its upper slopes.

Like an icy minefield, it almost barred the way to the delights of a spectacular 3,000 ft drop. The only way down was across a series of snow-bridges. Guy Cotter, our 27-year-old guide, seemed as cool as a mountain stream about the prospect. There may be some crevasses that are covered completely with snow he said nonchalantly. Follow me down one at a time at 50-yard intervals - and try not to fall down any holes.

With that he launched himself into the glacial maze. I felt a moment of slight panic. I wasn't wearing a hat - I rarely do unless it's really cold - and I wondered that if I fell into a crevasse whether all my body heat would escape through my head? Perish the thought. I'd just have to make sure I

didn't fall. I recalled the reassuring words from the safety leaflet we had been issued with earlier: "In the unlikely event that you are caught in an avalanche, remain calm - you will be found by your guide."

We were five: Guy, Dudley, Chris, a solicitor from Sydney, and Philippe, a civil engineer who had never

been up, as far as we could see, yet another straight shot of virgin powder. "Til just go down and see what's over the edge," said Guy, cautiously. "We have to watch out for the holes again. Wait till I wave you on," he said. He was the only thing moving on the mountain apart from some seagulls, a reminder of

distinctly better than anything they serve up in British Columbia.

Tinned oysters, squid, mussels, chicken and German sausage, all with fresh sesame-seed rolls. After such culinary delights, there was no

stopping us.

After two more excellent descents

- Royal Flush and Ace of Spades - low cloud was beginning to fill the valley floor. This would mean the helicopter could not pick us up if we skied too low. Glumly we had to accept that we'd had our last run. We traversed the best part of a mile to our left and discovered one gloriously steep and solitary ravine-like valley which the cloud had yet

managed to penetrate. It was the

précipice de résistance.

Arnold Wilson samples the dazzling scenery of New Zealand's Southern Alps and some spectacular skiing

heli-skied in his native Switzerland because he found his local slopes too crowded.

Our 45-minute descent into the valley below was beautiful. Guy mixed moments of caution with those of sheer joy. The crevasses which had guarded the higher slopes like sabre-toothed tigers ready to swallow us whole, seemed to have sunk away.

"Well, I guess we'd better shred this slope together," he yelled as we started down a steep pitch of frozen powder. We managed a breathtaking 50 or 70 turns, perhaps 100 altogether

before we regrouped.

Even lunch, when hunger pangs finally got the better of us, was distinctly better than anything they serve up in British Columbia.

Tinned oysters, squid, mussels, chicken and German sausage, all with fresh sesame-seed rolls. After such culinary delights, there was no

stopping us.

After two more excellent descents

- Royal Flush and Ace of Spades - low cloud was beginning to fill the valley floor. This would mean the helicopter could not pick us up if we skied too low. Glumly we had to accept that we'd had our last run. We traversed the best part of a mile to our left and discovered one gloriously steep and solitary ravine-like valley which the cloud had yet

managed to penetrate. It was the

précipice de résistance.

Arnold Wilson's visit to New Zealand and Australia was arranged by Air New Zealand, the New Zealand Tourism Department and the Australian Tourist Commission.

Air New Zealand (071-334-3434) operates three weekly flights from Gatwick to Auckland via Los Angeles with frequent connections to eight Australian gateways. Return fares start at £1,030. Air New Zealand's sister airline, Mount Cook Line, offers frequent connecting flights from Auckland to the ski resort area of Queenstown.

James Bond really did stay here

Tim Burt, in the Caribbean, finds out how 007 acquired his name

BOND swam softly forward. A carpet of sea grass ended in broken coral and an occasional nigerhead. A dozen varieties of butterfly and other reef fish flitted among the rocks, and a small langouste crept towards Bond with its feelers. The head of a large green moray protruded from a hole; its half open jaws showing rows of needle teeth. Its golden eyes watched Bond carefully. Ian Fleming's *For Your Eyes Only*, 1960

strip of Arsenal football club. Others sport Chelsea colours or the distinctive black-and-white stripes of Newcastle United. But fish sweep along the ocean floor with wings fanning out at the sign of a predator. Further inshore, angel fish dance around the world's largest brain coral and hundreds of squid float on the current.

More than 600 species of fish make their home in Tobago waters, where they feed on the nutrients swept from the Orinoco river delta in Venezuela. The sea is rich enough to sustain fleets of snappers and king fish, which in turn sustain fleets of fishermen. Each evening local families gather on beaches around the island as their men haul in nets.

The practise has not altered for hundreds of years. There are no factory ships or trawlers. It is too shallow for large vessels and many fishermen work the bays in old wooden ketches. On the beaches, the tue-of-war teams encourage passers-by to come out of the palms shade and give them a hand. Helpers carry home a few flying fish as thanks. An hour after the nets are emptied and folded away, only the circling pelicans indicate that the fishermen have been and gone.

The vacant beaches and subsistence way of life in Tobago were

Tourists aid the struggles of Tobago's baby hero turtles

something to write home about years before Ian Fleming picked up the Caribbean work of James Bond. Daniel Defoe liked the sound of Tobago almost as much as Fleming. He did not name his hero after Captain John Poyntz, author of the 1695 island prospectus printed at the Half Moon and Seven Stars, in London. But he did set his best-known novel there. Poyntz surveyed the island to attract potential settlers and, according to the Museum of Tobago, Defoe realised this was just the place for his castaway, Robinson Crusoe.

It is easy to imagine Mr Crusoe taking in the sights of the island. After a day at the beach he would

have been able to wash off the sand at Argyle waterfalls, where fresh water cascades through the jungle into deep pools. He would have found piles of fresh coconuts waiting for him on the golden sand of Englishman's bay. And Man Friday could have rustled up a soup and supper from Turtle beach.

The beach is on the island's west coast and is named after the leatherback turtles which each year crawl up the sand to lay their eggs. In Robinson's time the turtles were fair game but now they are protected from poachers. There is no protection, however, from the tourists who rush down to the beach with torches and flash guns to catch the female turtles in labour. Maybe the mothers ignore the cameras because they know tourists will help their young reach the water when they start hatching.

Normally only one in six baby turtles survives the crawl to the sea. On Turtle Beach their survival rate is higher. A shout goes up in the thatched bar when the young leatherbacks are spotted scrambling through the sand. The drinkers pick up the turtles, their flippers waving madly, and throw them into the water.

Baby turtles have to be thrown beyond the breakers. If you lay them at the water's edge they crawl out again towards the light of the beach bar. A full toss seems a little cruel to the new born reptiles. It is kinder to bounce them into the sea and leg breaks seem to do the job nicely.

The islanders are not so considerate to crabs. The hapless crustaceans are forced through an athletic ordeal on Tobago's only race course before being boiled alive. The course on Store Bay has starting stalls but no horse has ever been near them.

They are for goats. The highlight of goat meetings is the contest between

men and crabs. The event demands courage and stamina. The winning competitor has to pull a crab from a sack-full at the starting line, truss it so it cannot nip him and then sprint to the finishing line with it bundled under his arm.

The races are less frequent these days because the competitors have found a better-paying sport - tourism.

Store Bay is the cast-off point for fleets of glass-bottom boats heading for Buccoo reef, which sadly has been decimated by tourists breaking off for their mantelpieces.

Tobago's tourist officials are encouraging more visitors to head for Buccoo and Pigeon Point, the landscaped beach where ski-doos have replaced ketches as the staple water transport. The officials have watched with envious eyes the growth of tourist industries in Barbados and Jamaica, and now they want a slice of the action.

The runway at Crown Point is being extended to accommodate wide-bodied jets and larger hotels are planned. Wimpey, the British construction company, is building a deep-water harbour in Scarborough, the capital, so it can play host to the whistle-stop cruise liners favoured by Americans.

Reginald MacLean, manager of the Blue Waters Inn on Bataaux Bay

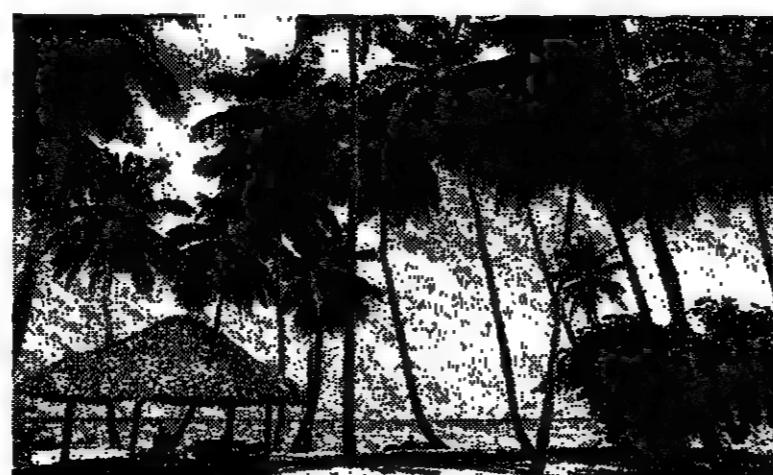
says the island's best bet for remaining unspoilt is to leave its infrastructure unchanged.

But the Government says that without tourism Tobago will get poorer, so expansion is desirable.

Reginald MacLean only hopes that the new wave of visitors will leave the island shaken - not stirred.

Among UK tour companies, Caribbean Connection (tel: 0244-341131)

offers inclusive holidays to Tobago, in London, the Trinidad and Tobago Tourist Board can supply full details (081-597-4000).



A scene James Bond once enjoyed on Tobago

See Rome and get robbed

Andrew Taylor is the upset and angry bystander to a street crime

WE HAD been warned that the gipsy children would rob you if you gave them a chance. We were careful but it happened anyway. There were two of us, going to a business meeting in the centre of Rome. The streets were busy. Two beggar children appeared. Had we any money? It could have been any large city. Most people were in casual clothes. We looked like strangers, dressed in suits and talked in English. It would have been easy to pick us out.

We walked on quickly. Their voices became more shrill. Their hands more insistent. They kept thrusting at us a card with words written on it, presumably asking for money. We started to raise our voices shouting at them to go away. My friend became slightly separated as he swerved to avoid their pressing hands.

Suddenly they were at him. One moment pulling at his clothes in supplication, the next grabbing and pulling in angry frustration. The card was thrust into his face so he could not see what their hands were doing.

I saw his jacket swing open. A hand grasped the cloth of his inside breast pocket and sharply twisted it downwards so that his wallet fell to the road. I shouted a warning. Brown hands shot to the ground and the wallet was gone. If I had not seen it fall the beggars would have disappeared into the crowd. My friend had felt nothing.

I was becoming more embarrassed by the undressing of the older girl. I let go of her arm to help my friend. In a moment my girl had gone into

I saw his jacket swing open and his wallet fall to the road

IT IS the time of year when the travel industry spends much time congratulating itself on how well some of its operators have performed over the past year. The accolades always seem a trifle forced, especially since many travel companies this year are fighting for survival given the downturn in bookings and the rise in costs.

Top honours in this week's clutch of travel awards were shared by British Airways and Virgin Atlantic. Both airlines

shared the premier award given by readers of *Travel Trade Gazette* this week, with Virgin just pipping BA for the

best transatlantic carrier, while BA ousted Swissair as the top European airline.

BA was also voted top airline

by readers of *Business Traveller*, again beating Swissair into second place. Virgin came tenth in this poll. *Executive Travel* magazine, however, voted Virgin into top spot with BA second.

Top worldwide hotel chain in the TTG poll was Sheraton, with Trusthouse Forte winning the UK award. The Mandarin Oriental in Hong Kong was voted the best Eastern hotel in this survey. *Business Traveller*, however, gave its top award to the Inter-Continental chain.

Other winners this week

were Thomson Holidays, voted best short-haul operator in the TTG awards and Avis, given the top accolade in the *Business Traveller* poll. Its readers also surprisingly voted London as the most popular business city.

EARLY season ski bookings are down by almost a third over the same stage last year, according to reports from travel companies this week.

Leading ski holidays specialists Thomson, Falcon and Ingham all report a 25 to 30 per cent drop in sales but are determined not to cut prices to stimulate the market. They believe that the market will pick after Christmas when the season starts in earnest.

David Churchill

MOTORING

A new model for every Martian

IF A MAN from Mars who had been reading British newspapers landed today at Birmingham's National Exhibition Centre, he would probably wonder what on earth was happening. He would know all about the Gulf crisis, fear of global warming due to air pollution, rapidly rising petrol prices, 20-mile traffic jams, failing car sales and the threat of industrial recession.

Yet, inside the NEC, he would see thousands of visitors crowding stands packed with cars of every kind. Nearly all the new models - and there are more of them at our motor show than usual - are bigger, better, more powerful and dearer than before.

They are, of course, also faster. If our Martian knew that exploiting the full performance of the meanest of them would break the law everywhere except on Germany's autobahn system, he would be puzzled. So, at times, am I.

What is one to make, for example, of the £48,000 Lotus Carlton? This is a twin turbocharged, 380 horsepower V8 engined derivative of an executive saloon for which a top speed of over 175 mph (281 km/h) had been claimed - no, flaunted - by Vauxhall. Having been roared by everyone from the police to road safety authorities, Vauxhall has wisely decided not to make maximum speed claims for any of its cars in future.

Aston Martin is unveiling a Volante 2-seat convertible version of the 24 valve V8 engined Virage which goes on sale next summer. If you have £150,000 to spare on what some might consider a classic case of conspicuous consumption, get your name down quickly - there are a lot ahead of you already. On the other hand, if a higher-tech but lower priced convertible appeals, there is an alternative - the £61,820 Mercedes-Benz 500SL.

The show indicates that the market in supercars, open or closed, is alive and well. Among those appearing at a UK motor show for the first time is Mitsubishi's Starion replacement, the 3000GT, which has four-wheel drive and four-wheel steering. It arrives in Britain at the end of 1991.

The brilliant Honda NSX will be here in January, with a price said to be well under £60,000. Nissan's 300ZX, with a twin turbocharged, 3-litre V6 engined coupe and, like the Honda, 5-speed manual or 4-speed automatic transmission to choice, also looks modestly priced at £34,500.

A lighter, faster version of the Porsche 911, the Carrera RS, is making its world premiere at Birmingham though production does not start until next summer. Porsche GB has been taking orders and deposits for two years for the new 911 Turbo which goes on sale here in December.

By that time those at the top of a three-year waiting list will be driving their £39,500 BMW V12-engined 850i coupes. Some may even be lusty after its honed even closer to perfection development, the Alpina B12. This, too, is making a world debut at the show. With right hand drive, it will cost around £65,000.

Moving down from the point

1.7 litre turbo-diesel which promises to be a warm, if not quite a hot, hatch with exceptional fuel economy.

Main attraction among the superminis, though, is the Renault Clio. While only a little longer than the Renault 5 it replaces, it feels a more grown-up car altogether, almost closer to the Renault 19 than the 5.

New cars, fast cars, dream cars - the Birmingham show has them all. What would a man from Mars make of it all, wonders Stuart Marshall

of the pyramid to its broad base, where cars are bought with real, not company, money, there is plenty to see.

Volkswagen's Polo was to have been replaced more than two years ago but was pushed to one side to give priority to the Passat. The 1991 Polo turns out to be an extensive facelift rather than a totally new car.

As before, there are booted saloon, hatchback and coupe versions. All have fuel injected engines and exhaust catalysers as standard. Prices of between £6,000 and £9,500 are expected when UK sales start toward the end of the year.

Vauxhall has updated the Nova range for 1991. Peugeot is showing two new 205s - a 3-door, 1.6 litre automatic and a 5-door with a 75 horsepower

Ford's new Escort and Orion are on sale now at the same prices as the old models but the shapely new estate is getting its first public airing at the show. It will be in the dealerships soon.

The old gag about what do you call a Skoda convertible (answer - a skip) no longer applies. You call it the Favorit Roadster. Together with a estate version of the front-wheel drive Favorit, the Roadster is making its world debut at Birmingham and both are due for introduction in Britain in 1991.

Nissan's new Primera saloon and hatchback (the Bluebird's successor, but not its direct replacement) must be noted among the show's stars. British built, with over 80 per cent

local content, they will challenge established favourites like the Vauxhall Cavalier and Ford Sierra in company fleets and private ownership alike.

My guesstimate last week of £21,500 to £27,000 as the price range was wide of the mark at the bottom, exactly right at the top. Price of the entry model 1.6 litre Primera is a remarkably keen £9,995 and of the sporty 2-litre ZX, £16,995. Power steering and 16-valve engines are standard on every Primera.

Rover's renaissance continues with the introduction at Birmingham of 3-door versions of the 200. Among them is a 216GTi that looks sufficiently muscular and stylish and at £13,500, price competitive enough to carve itself a useful slice of the hot hatchback market.

Among the larger cars, Jaguar's former 2.8 litre XJ6 saloon has received a welcome power boost. The new 3.2 litre engine much improves drivability just as upping the size of the 3.2 litre engine to 4-litres did for the up-market saloons last year.

The Volvo 940 and 960 models and another Birmingham première turn out to be close relatives of the 740 and 760 with less angular styling. A new 3-litre, 204 horsepower straight-six engine, developed in collaboration with Porsche and mated with a new 4-speed automatic transmission, pow-

ers the flagship model saloons and estates which cost £26,950 and £28,200 respectively.

Volvo never throws away the baby with the bathwater. Some 740s and even the veteran 240 saloons and estates which the 740 was supposed to replace - will remain in production. At £13,500 upwards (£13,500 upwards for the estate) they are for buyers who set greater store on value for money, safety and durability than keeping up with car fashion.

Anyway, no car has such an air of timelessness and social acceptability as a Volvo estate

An H-registered 240GL at £13,500 would cause an owner no embarrassment at a Home Counties point-to-point, even though it might be surrounded by Range Rovers, BMWs and Mercedes.

As the Martian visitor, dazed by the exhibits and still trying to work out the logic behind some of them, took off in his spaceship for home, what would he see? Thousands upon thousands of cars, slowly converging upon the National Exhibition Centre and filling its vast car park. The occupants then queue for



The face-lifted Volkswagen Polo range (here a GT coupe) will cost between £2,000 and £8,500



THE EMOTION.

THE LOGIC.

The Lancia Dedra is utterly faithful to the sporting heritage and values of Lancia's founder, Vincenzo Lancia. So, not surprisingly, it's a car that stirs the emotions.

The Dedra is a car that appeals to the head as well as the heart. For life-long protection, all exterior panels are made from 100% galvanised steel - which is why we can give you a 6-year anti-perforation warranty.

The Dedra has rally proven durability - Lancia has won the World Rally Championship no less than eight times - with a hat trick of wins in 1987, 1988 and 1989.

Economy? Fuel injected engines and the wind-cheating Audi-beating Cd factor of 0.29 contribute to exceptional fuel consumption on unleaded petrol.

Specification? Even the start of the range model, the 1.6i, has more superior features

than other people's top of the range cars. Such as polished rosewood dashboard. Power assisted steering. Light alloy sports wheels and low profile tyres. Central locking. Electric front windows with 'one touch' facility.

All Dedras have in-car-entertainment systems with 4 speakers, electric aerial and double anti-theft facility. Twin body colour electric door mirrors with demist. Tinted glass. An electronic check control panel that shows you everything is functioning perfectly.

Rev counter. Front fog lights. Height adjustable drivers seat and steering column. Front and rear head restraints. Centre folding front and rear armrests and rear sun blinds.

Audi and BMW certainly can't match all that. But more, the 1.6 SE has an electric sunroof, rear electric windows, lockable split-folding rear seats and luxurious 'Alcantara' upholstery.

The 1.8 and 2.0 litre engines have counter-rotating

balancer shafts, making the DOHC 4-cylinder engine as smooth and quiet as a six.

The 120 BHP 2.0 litre has a top speed of 124 mph.

The 2.0 litre SE top of the range Dedra has ABS and

Automatic Suspension Control (ASC) with electronic adjustment between 'comfort' mode for effortless cruising and 'sports' setting for enthusiastic driving.

And ABS is available on all Dedras.

Every Lancia comes with a very important extra:

total peace of mind. This is because we cover you with a 1-year manufacturer's warranty and Lancia

AA 'Gold Star Service' with Homestart, Recovery

and 5 Star Service for continental motoring.



For further details dial 100 and ask for Freephone Lancia or return this coupon to Lancia Freepost, Bedford, Essex SG5 8BR. Prices (correct at the time of going to press) include car tax and VAT but exclude vehicle on-the-road charges (road fund licence, number plates and delivery) estimated at £400 inc VAT. 1.6i £11,825, 1.8i £12,374, 1.8 SE £13,495, 2.0i £15,995.

Name _____

Address _____

Postcode _____

Telephone _____

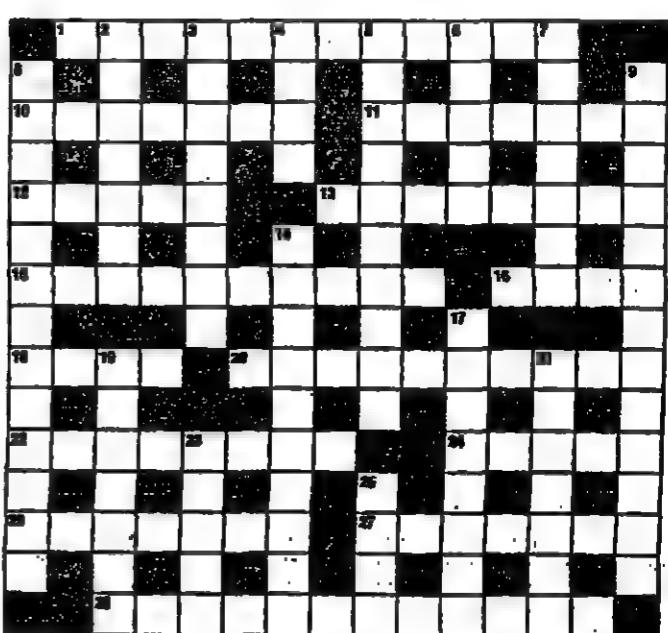
Ref. 74889

DEDRA. THE NEW LANCIA

CROSSWORD

No. 7,348 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 3, marked Crossword 7,348 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 6.



ACROSS

- 1 Under friction it provided a powerful spirit (6,4)
- 10 Breathing space below the bridge (7)
- 11 Insect consumes tree for food (7)
- 12 Mouthpiece of instrument (5)
- 13 A German beer-mug for a Nobel prizewinner (5)
- 15 Plate for ribs, especially? (10)
- 16 Holey tipped mount (4)
- 18 Nurse takes time to be transported (4)
- 20 Agree to keep in touch (10)
- 22 Double-dealing in pique? (5)
- 24 Wide one of the crowd, perhaps? (5)
- 26 Lava pieces thrown out, having a ball in Long Island (7)
- 27 Man needs guts to break such a horse? (7)
- 28 Potential site danger, it can fall to pieces (12)

18 But it is not a composer's block (4-3)

21 Derelict dismissed players (7)

22 Waste time of potent? (6)

23 Duck to observe outside Minehead (4)

Solution to Puzzle No.7,347

DOWN

- 2 Pasta dish to drop, in the country way? (7)
- 3 Shadows left by Gray's ploughman? (8)
- 4 Man's health problems? I will shortly go to the south (4)
- 5 Still standing on a line (10)
- 6 An escape gone wrong? (5)
- 7 Shut up about chrysanthemum in bar? (7)
- 8 Cannot be fired from combi-bins built to order (13)
- 9 Reading between the lines, ordinarily? (15)
- 10 Relays of tar compound (10)
- 11 Loss-adjuster required for Ross Sea's havoc (8)

Solution and winners of Puzzle No.7,346

CELESTY STICKING

P I T T E R Y E O O D A
P R O N E M E S H O M E T
O U M M A I D I M
S A G E G R E A T U N C L E
H E S T H R A M P A G E
B E T T R E B U C C I
E N T I R E B L U C C I
A L L E G I A N C E B L U E
H I L I S E P I A
A U G E R I N S O L V E N T
Q H E D D E E H E E
E N T H R O H E R A N T E D

Solution and winners of

CELERY BUNFIGHT

L A I L O O I O
A U T U M N B L O W O V E R
P I A T T L E
P A L I S A D E S P A R T A
B U S Y I M P R E S A R I O
I F A D
W E T B L A N K E T S L A P
R E S E N T I C L E R I C A L
K P F D L Y T I F
T U R M E R I C I M P A I R
O N E R O N E N E P R E T T Y
N. Ebrich, London SW2; R. Ferguson, Wanchai, Hong Kong; J. Fulton, Newton Mearns, Glasgow; Mrs N.H. Hall, Ponteland, Newcastle upon Tyne; Mrs S.M. King, Keston, Kent.

MOTORS

Wyndham + Cardiff

ROLLS-ROYCE CAMARGUE '85 'TC'
Mason black with scarlet red hide.
18,900 miles. F.S.H.
Offers over £25,000.

BMW 750i S.W.B. Auto '90 'G'
Dolphin grey with silver hide. Spec
sports seats, de-chromed.
9,500 miles. F.S.H.
£29,995.

Contact Steve Fletcher: 0222 597070/0838 347513 open 7 days

JAGUAR XJS CONVERTIBLE
Auto '90 'G'.
White with red hide. Black electric hood.
12,040 miles. £32,995.

ASTON MARTIN VIRAGE
Auto '90 'H'.
Fun yellow with green hide.
745 miles. P.O.A.

ROLLS ROYCE CONVERTIBLE
1969, Silver Shadow, rare car, mint condition;
white/tan, no smog devices, California car.

Call California (619) 295-2189

BOOKS

Prophetic about Pearl Harbour

HECTOR C. BYWATER: "a convivial pub-crawling English journalist, author, spy and raconteur who knew more about the navies of the world in the mid 1920s and 1930s than a roomful of admirals - had an obsession... This sounds an unpromising beginning to what, in fact, is a well researched and, on the whole, carefully written account of an extraordinary business."

During 1925 Constable in London and Houghton Mifflin in New York published Bywater's *Great Pacific War*, a prophetic novel which described, with uncanny accuracy and prescience, what actually happened at Pearl Harbour on December 7, 1941. Honan's description of publishing inhibitions finally overcome - would such a book seriously damage relations between the US and Japan? - is not the least interesting part of his account.

The merit of Honan's biography is that it establishes the influence and effect of Bywater's prophecy in Japanese naval circles (the impact was



To coincide with the four-part BBC television series which started this week, Weidenfeld & Nicolson have issued a profusely illustrated edition of *Portrait of a Marriage*, £16.95, 222 pages. Nigel Nicolson's controversial 1973 story of the unconventional marriage of his parents, Harold Nicolson and Vita Sackville-West. This photograph shows the family at Sissinghurst in 1922: Harold, Nigel, Vita and Ben

BYWATER: THE MAN WHO INVENTED THE PACIFIC WAR by William H Honan Macdonald £13.95, 337 pages

less in the US), without in any way sensationalising the story. Bywater's credentials as an analyst of naval strategy were widely respected. Bywater's real role as a serious student of war was somewhat different from the image of Lunachite O'Beeze, which he seems to have cultivated as a kind of cover. Moreover, Bywater hoped to minimise rather than increase friction between the US and Japan through his book.

For a time, and to a degree, Bywater succeeded in siting this objective, contributing further by careful reporting of events in Japan to various newspapers in the late 1920s and early 1930s. Bywater concentrated on the debate within the Japanese naval establishment, not only about the feasibility - or otherwise - of war with the US but whether the key element in his prophecy - a concerted attack which would render the US Navy helpless everywhere in the Pacific - was preferable to an overwhelming blow at one point, preferably in the area of the Philippines.

Bywater also consistently argued that the eventual outcome of any war between the Pacific powers must end in defeat for Japan, given the greater industrial and economic resources of the US. Whether the doves in pre-war Japanese governments headed this warning is not known; the hawks did not, even although the attack on Pearl Harbour was virtually a last-minute decision, and was opposed by more cautious aggressors. The case for Pearl Harbour was pressed by Admiral Isoroku Yamamoto, Commander in Chief of the "Combined Fleet." He had cultivated Bywater with some care during the latter's sojourn in Japan.

Be that as it may, Pearl Harbour, an enormous, historic shock to the American people, was Japan's undicting. Yamamoto, emboldened by dazzling success, pressed early in 1942 for an attack on Midway. The result was one of World War Two's turning points, a three-day battle (June 4-7), when the Japanese loss of four carriers also signalled America's coming of age as a super power. Bywater's prophecy had been fulfilled.

Anthony Verrier

NON-FICTION

BOOK PUBLISHER

Invited Authors to send manuscripts for publication on subsidy terms. All categories considered including WAR MEMOIRS, autobiographies, and specialized work. New Authors are welcome.

MERLIN BOOKS LTD
Bromley, Kent BR2 2EA
Telephone (071) 516430

MINERALS OF THE ENGLISH LAKE DISTRICT CALDBECK FELLS

by M.P. Cooper & C.J. Stanley

An authoritative guide to the geology and mining history of this famous metal mining district, fully illustrated with beautiful photographs of many fine mineral specimens.

ISBN 0 563 01162 2 £14.95
Natural History Museum Publications
Caversham Road
London SW7 5BD

IMPORTANT ANNOUNCEMENT FOR BUSINESS BOOK READERS AND ADVERTISERS

The FT Review of Business Books

WILL APPEAR AS A SPECIAL TABLOID SUPPLEMENT WITHIN THE FINANCIAL TIMES ON

FRIDAY 28th September

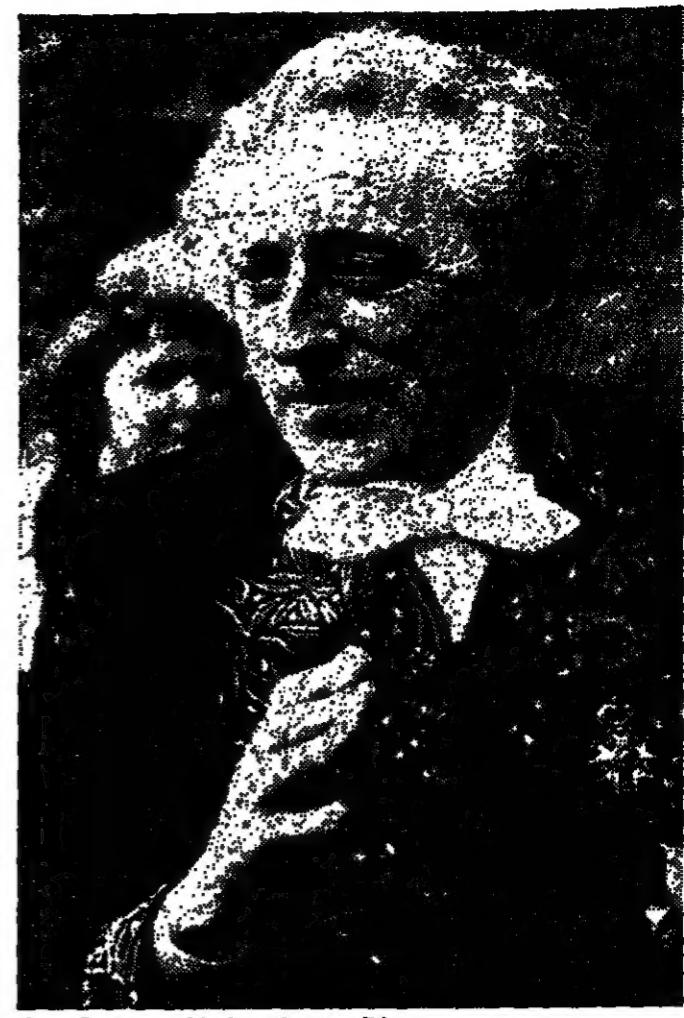
This replaces the FT Review of Business Books previously scheduled for Friday 21st September.

ORDER YOUR COPY NOW!

FOR FULL DETAILS PLEASE TELEPHONE
WANUNG CHEUNG ON 071-407 5758

Sad decline of a public dazzler

Anthony Curtis reflects on the life of Jean Cocteau



Jean Cocteau: elderly enfant terrible

SIXTY-FOUR is an awkward age for an *enfant terrible*. Most of the fireworks have gone off by then - as we see in the sad case of Jean Cocteau. In his precocious Parisian youth Cocteau was the spiritual heir of Oscar Wilde, taking over from him as a great public dresser in the first decade of our century. Young Jean was a fine reciter of his verses and handsome to behold with his noble features and long, slender fingers. The boy Cocteau immersed himself in the works of the earlier master, especially *Salomé* and *The Picture of Dorian Gray*. The two never met but when he was 15 Cocteau did, to his delight, encounter Wilde's son Vyvyan in Venice.

Both Wilde and Cocteau had seemingly effortless sleight of mind. They were capable of spontaneous conversational performances, unequalled for their high proportion of epigrammatic sots - until we read Kenneth Tynan's *de nos jours*. Fortunately some of this particular gift did remain with Cocteau until the end and it intermittently enlivens the boy he kept in spiral-bound sketchbooks from 1951 to 1963, the year of his death, and which is now being published by an English translation by Richard Howard.

The English publication, like so much relating to Cocteau, is not wholly satisfactory. It is a slow process. Volume One (covering July, 1951 - December 1952) appeared three years ago from another publisher, Hamish Hamilton, with a short, personal introduction from Ned Rorem, and a brief note by Pierre Chanel; this volume which follows on directly, and covers the whole of 1953, has an even brief note by Chanel at the start, after which the editorial intervention is restricted to a series of concise footnotes identifying the many obscure individuals referred to in the text. These are helpful and Chanel's unobtrusiveness certainly lets the reader engage directly with Cocteau; but occasionally one would have liked more background to the main episodes, even though with the aid of references books it is possible to fill most of it in oneself.

For instance, in March Stalin died. Louis Aragon asked Picasso for an illustration to use alongside his obituary tribute, "Staline et la France." Cocteau goes to the exhibition where at the artist's behest he gives a lecture on Picasso. It is a brilliant performance recorded by him.

Clearly Cocteau has reached

an age when he wishes to be reconciled with his old and famous friends. He has always been fond of Gide, whom he corresponds with, and he writes to Julien Green about

the silliness of *Christopher Columbus*. The vulgarity of *The Lark*, Giraudoux's embroidery. Time has tended to confirm these judgments. They are mild in comparison with some of those on other contemporaries - Jonvet is a bad actor. Jacques Tati has no presence. Henri Bernstein was "a very nasty man" and so on. It is Cocteau's belief that a Journal, which he thinks ought only to be published posthumously, must be utterly banal in this world.

As ever Cocteau is concerned with the question of creativity and sees that his own is running out. The first signs of heart and other ailments are becoming apparent. His doctor advises him to slow down. "I wonder," he asks himself, "if I have come to the end of my reel."

Not yet, not quite, is the answer to that. The ballet *La Dame et La Licorne* for which he wrote the scenario is given its première in Munich, and there are successful revivals of his one-act plays, *La Voix Humaine* and *Le Bel Ami*, the latter starring Piaf for whom it was originally written.

His latest prose work, *Journal d'un Inconnu* written the previous year lacks the sparkle of *La Difficulté d'être* but he it gets some appreciative reviews and Cocteau is preparing a new collection of poetry, *Clair-Oscur* which will contain verses inspired by his Spanish tour. He loved the

spectacle of the bullfight just as he loved the spectacle of the Coronation in Britain. Our Queen's royal bearing reminds of his own royal heroine in *The Eagle Has Two Heads*.

Life and art are continually being inter-related in this whimsical fashion as he tries to live on both planes at once. His dissatisfaction with the post-war French literary world, dramatised in his film *Orphée* continues. Claude, Anouilh, Giraudoux, each one gets a smack between the chops:

"The silliness of *Christopher Columbus*. The vulgarity of *The Lark*, Giraudoux's embroidery." Time has tended to confirm these judgments. They are mild in comparison with some of those on other contemporaries - Jonvet is a bad actor. Jacques Tati has no presence. Henri Bernstein was "a very nasty man" and so on.

It is Cocteau's belief that a Journal, which he thinks ought only to be published posthumously, must be utterly banal in this world.

His latest prose work, *Journal d'un Inconnu* written the previous year lacks the sparkle of *La Difficulté d'être* but he it gets some appreciative reviews and Cocteau is preparing a new collection of poetry, *Clair-Oscur* which will contain verses inspired by his Spanish tour. He loved the

spectacle of the bullfight just as he loved the spectacle of the Coronation in Britain. Our Queen's royal bearing reminds of his own royal heroine in *The Eagle Has Two Heads*.

Life and art are continually being inter-related in this whimsical fashion as he tries to live on both planes at once. His dissatisfaction with the post-war French literary world, dramatised in his film *Orphée* continues. Claude, Anouilh, Giraudoux, each one gets a smack between the chops:

"The silliness of *Christopher Columbus*. The vulgarity of *The Lark*, Giraudoux's embroidery." Time has tended to confirm these judgments. They are mild in comparison with some of those on other contemporaries - Jonvet is a bad actor. Jacques Tati has no presence. Henri Bernstein was "a very nasty man" and so on.

It is Cocteau's belief that a Journal, which he thinks ought only to be published posthumously, must be utterly banal in this world.

As ever Cocteau is concerned with the question of creativity and sees that his own is running out. The first signs of heart and other ailments are becoming apparent. His doctor advises him to slow down. "I wonder," he asks himself, "if I have come to the end of my reel."

Not yet, not quite, is the answer to that. The ballet *La Dame et La Licorne* for which he wrote the scenario is given its première in Munich, and there are successful revivals of his one-act plays, *La Voix Humaine* and *Le Bel Ami*, the latter starring Piaf for whom it was originally written.

His latest prose work, *Journal d'un Inconnu* written the previous year lacks the sparkle of *La Difficulté d'être* but he it gets some appreciative reviews and Cocteau is preparing a new collection of poetry, *Clair-Oscur* which will contain verses inspired by his Spanish tour. He loved the

Short stories

Relationships: the good, the bad and the ugly

IN HIS Selected Stories, Iain Crichton Smith writes about the moment when we meet our undiscovered selves in the world we thought a stranger. A young naive divinity student wrestles with a madman, the incarnation of his own desires and violence. A gay actor becomes so involved in his role as a victim that he can no longer distinguish between his stage and his real life.

Often the division between interior and exterior realities is cultural; the close, intolerant, mysterious Scottish society of the Highlands and Islands cannot admit the values of the outside world. In "Home" a Scotswoman who made a success of herself in Africa is scorned as a "tourist" when he makes a nostalgic visit to the slum where he grew up. In "Ghosts" a young couple become estranged from each other after the woman redisovers her Gaelic roots. These tales, written with a poet's economy and the narrative skill and empathy of a fireside raconteur, are as wise and compassionate as they are engaging.

The stories in Joy Williams's *Escapes* cut across the great emptiness of the American continent; spare, almost abrupt in style, cryptic in tone, they are often written in the present tense, for the past is tragic, the future unimaginable. Her narratives are not so much about escapes as they are about loss - of a baby, a father, of the sanctity of one's home, one's body. In "Rot" the relationship between a young woman and much older man is dominated by the rusty convertibles which he insists on installing in their livingroom. "The Blue Men" is about a young boy and his grandmother whose lives are dominated by the memory of his father's execution.

Williams's skill lies in what she does not tell us: the gaps in personal histories, the bizarre actions of her characters and terrible events observed without judgement or explanation. It is up to us to fill in the missing lives, the lost memo-

ries, the brutal SS officer, the effete aristocrat.

It's difficult to categorise the fiction in *Best Short Stories* 1990. The editors have excluded American writing and although there are a fair number of Irish and Commonwealth selections they have emphasised British stories. The majority of the authors are either well known - Nadine Gordimer, William Boyd, Jane Gardam, Alice Munro - or are in the midst of making their names: Jenny Diski, Moy Moy.

There are a few experiments, notably Russell Hoban's witty fiction in *The Stoat*, but in general the editors have not taken too many risks, have stayed with the traditional narrative. A curious sadness permeates the book, a pessimism broken by Elizabeth Jolley's *Walden*-like celebration of the unruly beauty of the Australian bush and by Gordimer's sardonic tale of a counter-revolutionary. Some of the most affecting stories are by unknowns: Cecil Bonstein's delicate remembrance of a barter in a concentration camp, David Park's tragic history of a devoted fruit and vegetable seller in Northern Ireland. This is the fifth year of the collection and, although a few of the selections are weak, the general idea of an annual calling of stories which might otherwise be buried in little literary magazines is certainly laudable.

At the core of her *Symposium* there is a dinner party at which the hosts, rich middle-aged American painter, Hurley Reed, and his Australian widow, life-companion and guests consider, in one way or another, the subject of love. So far, so Platonic. But the focus

of attention here is the union between the newly-married couple, William and Margaret Murchie, a rather dreary, rich young man with a self-made power-mother and she a pre-Raphaelite beauty of mysterious provenance (and bookish, with a fondness for *Walden*).

At the core of her *Symposium* there is a dinner party at which the hosts, rich middle-aged American painter, Hurley Reed, and his Australian widow, life-companion and guests consider, in one way or another, the subject of love. So far, so Platonic. But the focus

Fiction



Muriel Spark: her sardonic observations remain a treat

Evil flourishes to comic effect

AUCH AND intelligent as ever, Muriel Spark continues to delight and exercise her readers without ever over-imposing. Her lightness of touch hides a sophistication which resides not merely in the milieu she manipulates, grand though these may be, but also in the complications of her continuing sparring-match with good, evil and the place of love.

At the core of her *Symposium* there is a dinner party at which the hosts, rich middle-aged American painter, Hurley Reed, and his Australian widow, life-companion and guests consider, in one way or another, the subject of love. So far, so Platonic. But the focus

of attention here is the union between the newly-married couple, William and Margaret Murchie, a rather dreary, rich young man with a self-made power-mother and she a pre-Raphaelite beauty of mysterious provenance (and bookish, with a fondness for *Walden*).

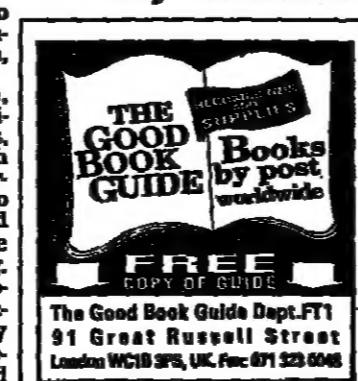
For Muriel Spark, of course, God doesn't work like that; evil is independent - and found in the unlikeliest places, which Spark's sparkle continues to illuminate. Her delineation of dottiness is also utterly distinctive. Margaret's uncle is released from his mental home once a week to give advice to the family. Margaret takes refuge in a community of Marxist Anglican nuns who feature hilariously in a television documentary ("Married? Isn't that against your vows?") "Yes... But he was worked on a farm." Ecology comes before "vows". She may deal in farcical settings, but for the sardonic observation of wayward tendencies, for wonderfully refined obscenity employed to attack the truly obscene, Muriel Spark remains unique.

Mary Hope

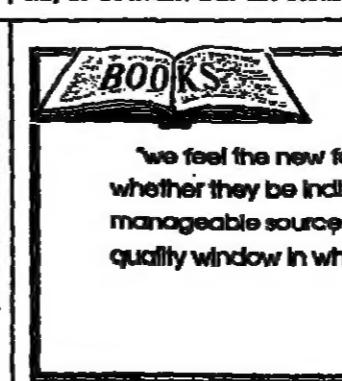
SYMPOSIUM by Muriel Spark
Constable £11.95, 192 pages

of attention here is the union between the newly-married couple, William and Margaret Murchie, a rather dreary, rich young man with a self-made power-mother and she a pre-Raphaelite beauty of mysterious provenance (and bookish, with a fondness for "vows"). She may deal in farcical settings, but for the sardonic observation of wayward tendencies, for wonderfully refined obscenity employed to attack the truly obscene, Muriel Spark remains unique.

A mystery: are these really



The Good Book Guide Dept. FTI
91 Great Russell Street
London WC1B 3PS, UK. Tel: 01 533 6048



Books by post worldwide

"we feel the new format of the FT's business books review offers the buyer, whether they be individuals or companies, a much more attractive and manageable source of information than before and offers the advertiser, a quality window in which to promote their products and services."

Duncan Copplestone
Marketing Manager
Parks Bookshop Limited May 1990

ARTS

Two years ago the first 20th Century British Art Fair was held at the Cumberland Hotel in London. To general stupification it was a great success. The accepted theory was that specialist picture fairs were a turn-off: most picture dealers sold to regular clients, and while collectors might visit general antique fairs in search of furniture, or silver, or ceramics to furnish and decorate their homes Fairs did not offer the leisure for the contemplation and consultation needed to buy pictures.

But the timing of the 20th Century Fair was superb. After years of neglect modern British pictures had just taken off, fuelled by Yuppies, and general prosperity. Certain schools, notably Newlyn and the Scottish Colourists, touched a chord with new buyers who wanted something pretty and accessible with a good investment potential. At the first Fair Jonathon Clark sold a still life by the Scottish Colourist Peplow for £260,000, more than twice the price he had paid for it earlier in the year. It seemed to sum up the market.

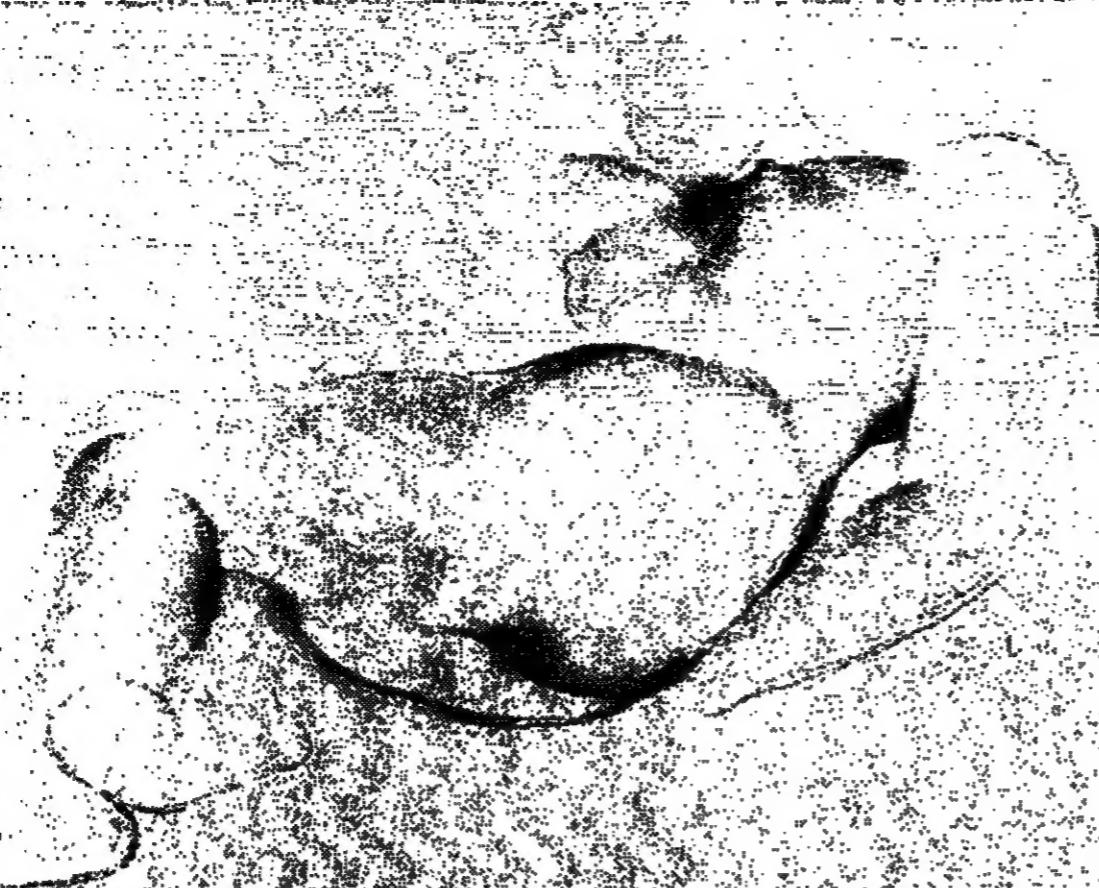
Last year's Fair was not quite so successful, reflecting the first signs of the downturn, which has now become a minor recession. But the 50 leading galleries and dealers taking space from next Wednesday until Sunday evening, with 2,000 pictures, prints and sculptures for sale, are hoping for the best.

Whatever the state of the market a Fair provides the opportunity to meet potential new clients and to buy from fellow dealers, and it only requires one good sale to pay for the costs. At the very least it is better than sitting in your gallery waiting for the non-existent art starved Japanese millionaire to wander in of the street. Indeed, what with rising rents and rates, the owner of one of Bond Street's most established galleries was speculating wistfully this week how nice it would be to close down his costly public window and concentrate on dealing from a small office.

This week has been mildly encouraging for the trade. There were two middle market auctions, at Phillips and Christie's. Phillips was a predictable

Pictures cheap at the price

Antony Thorncroft talks to dealers going to the 20th Century British Art fair next week and finds them cautiously optimistic



'Reclining Nude' by Frank Dobson, exhibited by David Messum at the Cumberland Hotel next week

disaster, being 50 per cent unsold. But this was because hard pressed dealers, with their bank managers snapping at their heels for repayments on expensive loans, used it to off-load pictures which were obviously unsaleable privately; and, as it proved, publicly.

Christie's sale on Thursday did better, being less than 22 per cent unsold, making it marginally more successful than the comparable auction in 1989.

Indeed Christie's, anxious to stiffen the market, reported that the average price of each lot sold was £1,624, compared

to £1,911 a year ago. It is naturally in the interest of dealers to talk up the market, but most are reasonably optimistic about the Fair and trade. Some say there was a sudden dip in business in the early summer and that while the speculative element that inflated prices is now licking its wounds, genuine collectors are seeking out good works. The problem is finding attractive pictures.

The best art of the early decades of the 20th century changed hands during the late 1980s boom, and is looked

away, and instead of uncovering the minor artists of the period the dealers moved on to later in the century – into the '30s, '40s and '50s. Michael Ayrton, Keith Vaughan, Patrick Heron, Paul Nash and Roger Hilton are the artists coming back into fashion, and they will feature strongly at the Fair. From the earlier period Frank Brangwyn is at last being revalued and Matthew Smith and Wyndham Lewis will show a hefty price appreciation.

There will be fewer later Newlyn School pictures – by

Dorothea Sharp and Harold Harvey – on offer and only the very best of the Colourists can expect to sell. The Fair is trying to toughen up its image and will find little room for the rose clad cottage school of Helen Allingham and her followers, but since these have almost halved in value in the last two years they were unlikely to feature anyway.

Abbott & Holder, which with over 1,000 works of art in stock in the £100 to £1,000 price range, is the nearest the art world comes to a supermarket, reports that prices generally

have fallen in the last six months. This enables it to pick up stock for less and also to sell more cheaply, ensuring a brisk trade. Austin-Desmond also reports keen demand. There are still pots of money giving of good rates of interest which is then invested by collectors in art as an inflation hedge. It has just sold a William Scott for £50,000 and a Wyndham Lewis for £45,000, and will be offering Ayrton, Hilton and Lewis among others. Waterhouse and Dodd also features Ayrton along with Paul Nash and the long ignored post war artist Leonard and Rosoman.

Jonathon Clark has Nash and Fry and Piper, and Bourne Fine Art a Pevsner landscape (for £25,000) as well as a Brangwyn view of Venice (for £28,000). Sweet Wards is concentrating on the Camberwell school of the 1940s, with the neo-romantic Susan Elznig and Terry Scales and the expressive realist Francis Hockney. Montpelier Studio is putting its faith in St Ives – in Barbara Hepworth, Roger Hilton and Rachel Nicholson. Peter Nahum has a Cecil Collins as well as paintings by Nash, Frost and Michael Rothstein.

The 1950s are well represented at Manya Igels with John Bratby, Ken Howard and Ruskin Spear, and Anthony Hepworth is sticking with Mary Fedden, Celia Richards and Peter Lanyon, among others. The Fair is trying to add to its critical reputation by infiltrating into the contemporary era and Julian Michal is showing John Bellany, Guy Riddon and Alexandra Lumley. David Messum, who set the British Impressionist bandwagon rolling around five years ago, is still offering the Scottish trio of Pevsner, Cadell and Ferguson, but is moving in on Bloomsbury, and later, with Duncan Grant, Matthew Smith and Ivon Hitchens.

Most of the works at the Fair will be for less than £2,000. No one doubts that 20th century British art is under-priced compared with its continental competition. No one doubts that some of the collectors of recent years now feel much poorer. But there should be enough genuine enthusiasts around to ensure a successful event.

Not only does its annual need reapproval by congress; the NEA's own reauthorisation, which runs for five years, also expires at the end of the month. While the endowment has made a request of \$175m for 1991, some legislators are calling for its abolition. Illinois Republican representative Philip Crane, for example, introduced his Privatisation of Art Act in May. Arts funding, he argued in the *New York Times*, "is not a legitimate or needed function of government."

So when President Bush

staunchedly conservative republi-

Obscene or not obscene?

THE AMERICAN artistic community has taken up arms to defend its threatened patron, the National Endowment for the Arts (NEA), from restrictions or even abolition. Its recently appointed chairman, John Froehmeyer, has a few weeks left before Congress decides his agency's future, at a time when the arts have been thrown into a censorship debate some have compared with the obscenity trial in Boston of D H Lawrence's *Lady Chatterley's Lover* in 1930 or even to a new form of McCarthyism.

Since 1985 the NEA has dispensed more than \$6,000 grants to musicians, dancers, painters, writers and other groups and individual artists. Its allocation has grown from \$2.5m in

Fiscal Year 1986 to \$171m today. With its critics massing, the endowment is quick to defend itself: every dollar in grants, it says, is matched by an average of \$3 from private funds; with NEA support, the number of arts organisations has grown enormously since the 1980s; per capita expenditure on the arts by the US government (currently 64 cents) is far less than levels in other countries; more money is earmarked for military bands alone than the entire arts budget.

The 1950s are well represented at Manya Igels with John Bratby, Ken Howard and Ruskin Spear, and Anthony Hepworth is sticking with Mary Fedden, Celia Richards and Peter Lanyon, among others. The Fair is trying to add to its critical reputation by infiltrating into the contemporary era and Julian Michal is showing John Bellany, Guy Riddon and Alexandra Lumley. David Messum, who set the British Impressionist bandwagon rolling around five years ago, is still offering the Scottish trio of Pevsner, Cadell and Ferguson, but is moving in on Bloomsbury, and later, with Duncan Grant, Matthew Smith and Ivon Hitchens.

Most of the works at the Fair will be for less than £2,000. No one doubts that 20th century British art is under-priced compared with its continental competition. No one doubts that some of the collectors of recent years now feel much poorer. But there should be enough genuine enthusiasts around to ensure a successful event.

Andrew Jack on the row in the US over arts funding

appointed John Froehmeyer as head of the NEA last October, the new chairman found his agency alienated from both its political backers and its clientele. He also inherited the job at a time when moral standards have become a national issue.

Mr Dennis Barrie, curator of the Contemporary Art Centre in Cincinnati, is about to be tried on charges of obscenity for hosting the Mapplethorpe exhibition, which has now opened in Boston. "We don't have communities to hate any more," says Anne Murphy, director of the American Arts Alliance. She thinks that the current moral outrage comes from "a growing fear that America is no longer invincible."

Froehmeyer himself is walking a dangerous and somewhat ambiguous line. He tells artists that he is disappointed by their lack of lobbying on behalf of the NEA, and that he – like Mr Bush – is against censorship. Yet he has also stated that "art and obscenity are opposites," and a few weeks ago vetoed four grants approved by the NEA's award panels for "performance artists" whose work is known to challenge sexual taboos. His argument to the American Family Association has not been to defend Serrano and Mapplethorpe, but to explain why they were grants made before his appointment and through intermediary agencies.

The consensus in Washington now seems to be that NEA funding will be approved, but that the days of an endowment without restrictions are over. Senator Jesse Helms, a

THE PUBLISHING industry in Britain has gone through so many upheavals in the past few years, with takeovers and amalgamations as well as the creation of smaller, independent houses, that attention has perhaps been diverted away from the books themselves.

Not that there has been any let up in the stream of new titles. Last year alone some 61,000 hit the bookshops, 4,000 more than in the preceding year. With such a range to choose from it is relevant to ask whether the books as a product, are as well designed and made as they could be.

As long as the text is legible few people will concern themselves with the look or – that most intangible and personal of tastes – the feel of the book: whether it has the appearance of having been guided by a creative and sympathetic hand and eye; whether the look, combination of a distinct type face on good quality paper with margins wide enough to place ones fingers without

Books not judged on words alone

obscuring the text, marries with the content of the book without dominating it.

All of which is the domain of the book designer and the reason why the Publishers Association and the British Printing Industries Federation co-sponsor an exhibition each year to highlight the best books. It was in London this week before moving to the Frankfort Book Fair next month.

The British Book Design and Production exhibition has been running for about 40 years and out of the hundreds of entries selects those which the judges claim represent the best work that has been published over the last twelve months. Awards fall into different categories, ranging from general hardbacks and mass market paperbacks to children's books and illustrated volumes.

But the value of the exhibi-

making books that will win awards.

Considering the general state of design, Mr Keeble is even more trenchant. "Typography has taken a nose dive in recent years with the advent of photostetting. One finds very poor legibility and design. Too many typographers look upon typography as the clothes of the page whereas it is the skeleton of the page. They forget that the book is a tool and has to be used by the reader. But the typographer sees it as a screen on which to display things. The visual influence of television has influenced

graphic design and too much graphic design has been brought over into the book world."

He pins poor design down to the lack of education and training for those entering or in the industry. "There are very few places where you can study book design and those in it tend to come from the design world rather than the print world in the past."

If Mr Keeble is unhappy about design an opposing view comes from Jamie Wilson, group production director for Hodder and Stoughton, another of this year's judges.

He thinks that book design is in good shape, although financial constraints have played a far larger part than they would have in easier times. Both consider that there is much still to be learnt from new technology.

Much remains to be improved in book design, from general layout to matching typography with content. As Mr Keeble stresses, "there is an awful blandness about much book printing." But publishers have to balance production against very tight financial constraints. "One is always juggling the pursuit of excellence against economic considerations," he says.

John Pitt

Radio

Clever deceits

the trickery. Now watch out for Dorothy L Sayers in 1933.

Far more interesting than Hastings or Shapero were two young Birmingham libertines, Jeff and Byron, an ambitious philosopher, and Byron, a devotee of the tango, in John Fletcher's *Death and the Tengo* (Radio 3, Tuesday). Temporary work on a lightship (where duties include flying a helicopter) takes them first to an old steam liner heading for the rocks. What seemed a deserted ship reveals a savage tango competition, where Celia, her partner having fallen down dead, firmly takes over Byron. They are all so entranced that no one keeps them off the rocks.

Back in the helicopter in the nick of time, Jeff flies up and up until they reach a Heaven so dull that it might be Birmingham. Byron meets Grace, an angel without human sense. "What's it like to eat flesh?" she asks. "To have genitals?" Jeff contemplates God. Byron tangoes with his angel, who gratefully acquires feelings. A great ship like the ghost of the ship they failed to save rises up and takes them back to Birmingham, all the while in the

Gulliver's Travels. The characters were not much more interesting than Dame Agatha, but their exploits were, metaphorically as well as literally, from another world.

Steve Hodson gives Jeff a better Brummie accent than Christian Rodska's Byron, and Maureen O'Brien was a hard Celia and a soft Grace, all excellent under Nigel Bryant's direction.

For truthful characters, turn to *The Teachers* (Radio 4, Tuesday, repeated Wednesday). For this landscape of life in a Birmingham comprehensive school, everything is recorded live, and is not invented but real, whether in the

playground, the teachers' common-room or at the end of parents' telephones. The series ends next week, when you may have heard about a dog in the playground, a possible teachers' strike, a boy's complaint that he was "poked" by a teacher, boys with stink-bombs, boys with whisky, a boy stealing his mum's money (where are the girls?), a teacher applying for a job.

Two producers, Sarah Rowlands and Brian King, present this educational salad with no outside commentary. The adults in the school, if not the children, may well recognise it as their daily life, for anything from Rottweilers to whisky must be coped with by the staff. I do not know if the producers meant it so, but only seldom did I hear anyone, of either generation, at all happy.

B.A. Young

the two, not only because it has the better story, with its surprise solution that I must not hint at, but because it had an upper-middle-class English setting more convincing than the continental scene that failed to elbow its way through the English dialogue. (We even had a Cockney French porter.) Both plays are full of clever Christiesque deceit, but *Links* breaks one of the rules that detective-writers are expected to observe. Poirot took something from a suspect's desk (all are suspects in Christie) but we were told what it was. And it was a vital clue.

The middle-class Englishmen needed to act as Poirot's straight men were Jeremy Clyde's Hastings on Saturday and John Woodvine's Dr Sheppard on Monday. I happened to know who both the murderers were, but I was as much misled as necessary in both plays. As *Moustrap* addicts can tell you, the solution matters less than

the twists and turns of the plot.

I have not been able to put in a tenth of the philosophy and excitement that illuminate this play, a work of imagination worthy, in its own way, of comparison with

the trickery. Now watch out for Dorothy L Sayers in 1933. Far more interesting than Hastings or Shapero were two young Birmingham libertines, Jeff and Byron, an ambitious philosopher, and Byron, a devotee of the tango, in John Fletcher's *Death and the Tengo* (Radio 3, Tuesday). Temporary work on a lightship (where duties include flying a helicopter) takes them first to an old steam liner heading for the rocks. What seemed a deserted ship reveals a savage tango competition, where Celia, her partner having fallen down dead, firmly takes over Byron. They are all so entranced that no one keeps them off the rocks.

Back in the helicopter in the nick of time, Jeff flies up and up until they reach a Heaven so dull that it might be Birmingham. Byron meets Grace, an angel without human sense. "What's it like to eat flesh?" she asks. "To have genitals?" Jeff contemplates God. Byron tangoes with his angel, who gratefully acquires feelings. A great ship like the ghost of the ship they failed to save rises up and takes them back to Birmingham, all the while in the

Gulliver's Travels. The characters were not much more interesting than Dame Agatha, but their exploits were, metaphorically as well as literally, from another world.

Steve Hodson gives Jeff a better Brummie accent than Christian Rodska's Byron, and Maureen O'Brien was a hard Celia and a soft Grace, all excellent under Nigel Bryant's direction.

For truthful characters, turn to *The Teachers* (Radio 4, Tuesday, repeated Wednesday). For this landscape of life in a Birmingham comprehensive school, everything is recorded live, and is not invented but real, whether in the

playground, the teachers' common-room or at the end of parents' telephones.

The Cumberland Hotel

Marble Arch, London W1

26-30 September 1990

1pm-8pm. Last two days 11am-7pm

Admission £8 inc catalogue

Soline Scott will open the Fair

26 Sept. or 27 Sept.

Information: 071-371 1793

Spink

Buy Silver & Jewellery

Spink & Son Limited

2-5 King Street, St. James's, London SW1Y 4BS. Tel: 071-834 7888

Exhibition 26-27 September

Tel: 071-834 7881

THE 20th CENTURY BRITISH ART FAIR

The only fair for

BRITISH ART from

1900 to the present day

THE 20th CENTURY BRITISH ART FAIR

THE 20th CENTURY BRITISH ART FAIR

THE 20th CENTURY BRITISH ART FAIR

Nijinsky's rite comes home

At the Théâtre des Champs Elysées Clement Crisp experiences the years roll back as the Joffrey Ballet recreates a couple of masterpieces

THE SHOUTS and catcalls echo down the years. It was, I suppose, the century's most notorious first night as the Stravinsky/Nijinsky *Sacre du Printemps* was unveiled to Paris on the stage of the brand new Théâtre des Champs Elysées on 29 May 1913. And the din from the auditorium, the old Comédie de l'Opéra declared, "It's the first time in 60 years that anyone has dared make a fool of." While Florent Schmitt bewailed above at the "sixteenth arrondissement bitches" and, as Maria Piltz, the Chosen Maiden, began the tremors that started her solo, voices called for "A doctor! - a dentist! - two dentists!"

On Wednesday night the Nijinsky *Sacre* came triumphantly home to the stage on which it had been so rowdily born, when the Joffrey Ballet showed it as part of a Diaghilev triple bill. The fascination for Paris was in seeing a *Sacre* which is the fruit of seven years dedicated research by the dance scholar Millicent Hodson to establish a choreographic text from nothing but hints and fragments of information.

Nijinsky's ballet had just eight performances in 1913 as the *Ballets Russes* - five in Paris and three, soberly received, in London. It was then abandoned. Dr Hodson's task has been to piece together a ballet from any surviving testimony - most significantly the sketches taken during the first performances by Valentine Gross. Stravinsky's notations on his own score, and another copy of the score on which Marie Rambert -

Nijinsky's assistant on the production - had written her memories of the dance action (Rambert's notes were lively. Thirty years ago she talked me through part of this score - "Here, you see, they stamp the ground with their little feet" - Nijinsky said "little feet").

From such evidence, Dr Hodson assembled a dance action. Kenneth Archer, an art historian and specialist on the work of Nikolay Roerich who designed the ballet for Nijinsky, recreated the sets and costumes, and three years ago Nijinsky's *Sacre* was re-born in Los Angeles on the Joffrey dancers. And is the staging like the lost masterpiece whose image has haunted dance-lovers for seventy years?

If such devoted scholarship is enough, then we do see something "like." It is clearly the work of an innovative dance creator in whom an acute feeling for ethnic history (owed to Roerich, who was obsessed with pre-history) united with a no less innovative musical sensibility (which must have been influenced by the surhythmic theories of Jacques-Dalcroze, who was Rambert's teacher). And what I perceived, more surely than in any other staging I know, is the Russian-ness of the music. A relationship between Roerich's vivid designs, the driven groups of dancers, and Stravinsky's melodic and rhythmic forms is very clear.

Here is Ancient Russia as imagined by Russian artists at the beginning of the century, and if we cannot see the actuality of Nijinsky's choreography,

we sense very strongly the urgency and excitement that its creation gave to *Sacre* on stage. The production is a success, for all the differences in weight of movement and sophistication of dance understanding between the Ballets Russes and Joffrey's dancers. This revival must inevitably lose the innocent power that was central to the original. But it tells us why Nijinsky's *Sacre* was important, and why it remains so even today.

The juxtaposition of Nijinsky's *Faune* (which has an honourable line of theatrical performance) with *Sacre* was fascinating. *Faune* is, as we believe the original *Sacre*, a masterpiece by reason of its simple yet profoundly novel language - walking in dance; the frieze as choreographic form. The Joffrey troupe has a good version of the text, scrupulously costumed for the nymphs, complete with glorious Bakst set. On Wednesday the company proceeded to run the piece through stratospheric lighting. Bakst's luminous dream of an Attic hill-side was cast in a murk of shadow. The faun and leading nymph were daintily spotlit. Diaghilev prided himself on the lighting of his ballets and this was unworthy.

About Massine's *Parade* which completed the programme, it must be said that it is now no more than an excuse for Picasso's designs to tread the stage. It is interesting, for a moment, to see the cubist managers strut and stamp, but the dance lacks any spark of life. *Parade* is dead. *Sacre*, against all the odds, is alive.



Beatriz Rodriguez in 'Le Sacre du Printemps'

Political prince



Alejo Carpentier

AMILD warning: it would be a bit of a risk to go and see this production of *Hamlet* without some knowledge of Shakespeare's text and plot and at least an inkling of what has been going on in Romania over the last decade or so. The production lasts for 4½ hours with two intervals.

Some encouragement: it is not necessary to understand more than a few words (the obvious ones) of Romanian to enjoy it. If you have the prior knowledge, if by the end you will think that *Hamlet* could have been written in Romanian in the first place, it is, after all, a romance language.

Now the full-blooded recommendation. This production by the Bulandra Theatre from Bucharest, which opened at the National Theatre in London on Thursday, is among the most exciting you will ever see. It takes time to get used to it, largely because of the language, but by the first hour or so you will be saying that you had forgotten that *Hamlet* was quite so dramatic.

The key to the production is something rotten in the state

Piano competition hots up

MOST OF the things worth saying about international piano contests are said somewhere in *Piano Competition: The Story of the Leeds*, by Wendy Thompson (Faber, £17.50). Though the redoubtable Miss Waterman co-founded that institution and still runs it, the book contains not only a careful history but a full and fair spectrum of comment from past winners and losers, some of the former now outshone by several of the latter, and from many other concerned parties. With the 1990 finals concluding tonight, it makes not only a timely read but a salutary one.

One obvious moral is that coming first is neither a necessary nor a sufficient condition for a distinguished career. Another is that the extreme tensions generated by the contest (during this week's semi-finals, the keyboard was often awash with sweat) mimic the tensions of professional performance only up to a point. You can be an immensely creative performer, and yet hopeless as a "competition pianist."

That said, I can pick no quarrel with the choice of the six finalists by this year's judges. They include four of the five artists who were head-

and-shoulders above the rest in the semi-finals (the fifth was Piotr Anderszewski, who withdrew in a crisis). There had to be dark horses too: it will be interesting to hear how well Haesun Park can adapt her hyper-personal airs and graces to Schumann's concerto, and Balazs Szokolay his fugal Hungarian brilliance. But I wish he had volunteered the Bartók Second instead; probably the BBC does too, for four finalists have chosen the Schumann.

History shows that one shouldn't overlook "unsuccessful" semi-finalists at Leeds. Besides the ones I mentioned on Thursday, there were gallant in his Haydn sonata and Debussy's *L'île joyeuse* but merely efficient in Chopin and Prokofiev, and the improvisational young Italian Simone Pedroni, who was charming in Mozart, wildly mannered in Chopin and Skryabin, and surprisingly sober - though inventive - in Mussorgsky's overgrown *Pictures*.

The Canadian Lorraine Mlin

was sprightly but immature: shallow tone (raw in *forte*), scatty about continuity (in Schumann's *Carnaval* she kept breaking off to fiddle with her hair and handkerchief). The Swiss Frank Levy, who chose a deliberately unshowy, "musically" programme, delivered it with warm sincerity but too little spark - and too many memory-lapses in Schubert's last great sonata. In that same work the Frenchman Eric Le Sage was luckier and just as loyal, and scrupulous in Stokowski - and magnificently assured, vital and idiomatic in Debussy's *Clair de lune* and in his *La Mer*.

The 15-year-old Andrei Zheltonogov has chosen Beethoven, as well he might after his judicious op. 10 no. 3 Sonata in E minor. There was a much precocious maturity in his Shostakovich, but in Mussorgsky's *Pictures* his solid virtues were put in the shade by Lars Vogt, just a year older.

David Murray

They laughed when I said
I was going to buy a Steinway
but when I showed them
the purchase plan...

Do you dream of owning a Steinway? Then our new set of flexible purchase plans will put a smile on your face.

Richly rewarding to own and play, Steinway is a sound investment, too.

For further details, and a copy of our fascinating portfolio, just telephone or fill in the coupon.

Send for Steinway & Sons, Steinway Hall, 44 Marylebone Lane, Wigmore Street, London W1M 6EN. Telephone 01-487 3391.

Steinway Hall is now open until 8pm every Thursday, and all day Saturday until 4pm.

Please send me details of the Steinway range of pianos and purchase plans.

Name _____

Address _____

Telephone _____

OPPORTUNITY
CHESS NO. 839:
1 - Rb5! (threat Rb3 mate) 2
Qxh5 (if 2 Qc7+ Bd7 3 Qc5+
Kc8 White is out of checks)
Rb8 (threat Rb8 mate) 3 Qb5
Rg1! (threat Rh1+) wins the
queen or mates.

12 Months.
6% Finance Plan
available until
October 31st 1990
Ask for
further details.



STEINWAY & SONS



STEINWAY & SONS

Records

The mystery of Meyerbeer

THE MOST important and powerful figure in opera during the first half of the last century - "the man of his epoch," said Heine - seems now one of the most mysterious of composers. Other 19th-century opera-creators apparently lost to posterity have been rediscovered, reclaimed, looked at in a new light. But in spite of persistent if spasmodic attempts at resuscitation in the form of irregular theatre and gramophone revivals, Meyerbeer remains in the shadows.

Musically speaking, who was he? In spite of its many fine qualities the new Erato recording of *Les Huguenots* (the second of his Grand Operas for Paris, the most successful and admired of all) fails to supply a clear, convincing answer. This was probably inevitable. The problem comes in the issue of "personality," the stamp or signature that provides the key to the mature composer, whether the talent be small or large.

The extraordinary thing about *Les Huguenots* is that the mixture of the genuinely enjoyable and the rubbishy which it contains is both unpredictable and entirely impersonal: at no point, even in the celebrated Act 4 love-duet, did I light upon a creative gift, of melody, rhythm, or scoring, that made me start up and say, "Ah, so this is Meyerbeer!"

So much starts well - the acts, the solo or ensemble numbers, the dramatic set-ups and the building-up of situations - and so little is carried through to a meaningful conclusion. This is an old complaint. (Mendelssohn said of *Robert le diable*, the first of the Paris series, that it had "something for everyone" but that it was lacking in "heart".)

I approached the four well-filled Erato compact discs determined to avoid making it at all possible. To begin with, general interest in the nuts-and-bolts aspects of the craftsmanship holds firm. The mixture and contrast of character, situation, and "tone" for the different scenes is fascinating. Perhaps Bryden wants to point up the hopelessness of it all; that no one was to blame for the extinction of a way of life, that times changed too fast, that planes could travel 20 times faster than liners, that the Japanese, Germans and Dutch could build ships better and faster than the Clydesiders, and that the industry could not adapt and neither unions or management or government could have saved them.

As it is, the best moments are those when *The Ship* becomes a ritual, and one can remember that this is the work of the director who fashioned the new Glasgow, its gleaming office complexes and new-tech industries, cannot hope to unite the people in the way that heavy industry once did. It is the collapse of that culture which Bryden celebrates and mourns. *The Ship* attempts nothing less than an evocation of that world. For those of us that have been it offers a convincing, sometimes awesome spectacle; for those who once worked here and their families who depended upon the industry it must be a strangely haunting experience.

But Bryden and his marvellous cast of character actors led by Tom Watson and Jimmy Logan, and musicians directed by Phil Cunningham, unfold the history of the last ship to be built on the river, the resonances seem far more potent than the drama. Dudley's "set" is a rare order, certainly unrivaled at Leeds and a joy to hear. Only after his Book 2 of Chopin's Studies did it strike me how much of a sumptuousness they had all seemed with being a mere pianist!

The remaining final is Artur Pizarro, 22 and Portuguese, and a pupil of one of the Leeds judges - not that José de Sequeira Costa would dream of making special pleas, nor would he need to. Pizarro's easy technical mastery, his effortless command of the classical-Romantic keyboard, is a rare order, certainly unrivaled at Leeds and a joy to hear. Only after his Book 2 of Chopin's Studies did it strike me how much of a sumptuousness they had all seemed with being a mere pianist!

The remaining final is Artur Pizarro, 22 and Portuguese, and a pupil of one of the Leeds judges - not that José de Sequeira Costa would dream of making special pleas, nor would he need to. Pizarro's easy technical mastery, his effortless command of the classical-Romantic keyboard, is a rare order, certainly unrivaled at Leeds and a joy to hear. Only after his Book 2 of Chopin's Studies did it strike me how much of a sumptuousness they had all seemed with being a mere pianist!

Ultimately though one is left only with the memory of those constante images, and sheer ingenuity of Dudley's engineering skill. There seems to be a large helping of sentimentality woven into Bryden's conception: fierce working-class pride and sentimental attachment are its main springs. Nothing is going to bring the big ship back to the city; all that can be done is to hymn their departure in a way that reminds Glasgow of its industrial roots.

Max Loppert

Pick of the Week



CHRISTIE'S

THIS dynamic figure of *Victory* was cast from a model by the French sculptor Gustave Delye (1838-1899) who enjoyed considerable success in the Paris Salons during the late 19th century. While his portrait busts and medallions of celebrated contemporaries were his most admired works at the time, his full-length figures were also highly accomplished. This figure is probably related to the marble *Minerve* (*Victoire*) exhibited at the Paris Salons in the year he died. It is included in the sale titled *The Nineteenth Century*, which will include furniture, sculpture, porcelain and objects at Christie's King Street on Thursday, 27 September 1990 at 10.30 am.



A French silver figure of Victory cast from a model by Gustave Delye, second half of 19th century, 31/2 in. high.

8 King Street, London SW1
85 Old Brompton Road, London SW7
164-166 Bath Street, Glasgow

For further information on this and other sales in the next week, please telephone Christie's 24-hour Auction Information Service on (071) 839 9060.

